

REDACTED— FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

**FINANCIAL STATEMENTS
and Independent Auditor's Report**

December 31, 2014 and 2013



Leeper, Kean & Rumley, L.L.P.
Certified Public Accountants and Consultants

REDACTED FOR PUBLIC INSPECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Pay Tel Communications, Inc.
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Pay Tel Communications, Inc. (an S Corporation), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

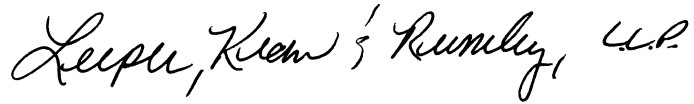
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

March 1, 2019

REDACTED— FOR PUBLIC INSPECTION***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pay Tel Communications, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Leiper, Klem & Rumbly, C.P." The signature is written in a cursive, flowing style.

Greensboro, North Carolina
May 18, 2015

REDACTED- FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets:		
Cash		
Net accounts receivable		
Prepaid expenses and other receivables		
Notes receivable from related parties		
Total current assets		
Property and equipment, at cost:		
Inmate communications equipment		
Office furniture, equipment and software		
Leasehold improvements		
Vehicles		
Total property and equipment		
Less accumulated depreciation and amortization		
Net property and equipment		
Other assets:		
Net deferred contract costs and commissions		
Settlement reserve deposits		
Cash surrender value of Stockholder's life insurance		
Deposits and other noncurrent assets		
Total other assets		
Total Assets		

See notes to financial statements.

REDACTED— FOR PUBLIC INSPECTION**Pay Tel Communications, Inc.****BALANCE SHEETS****December 31, 2014 and 2013****Liabilities and Stockholders' Equity**20142013

Current liabilities:

Current portion of equipment loans

Current portion of capitalized lease

Unearned revenues

Accounts payable

Accrued expenses and other liabilities

Due to stockholder

Total current liabilities

Noncurrent liabilities:

Noncurrent portion of equipment loans

Noncurrent portion of capitalized lease

Total noncurrent liabilities

Total liabilities

Stockholders' equity:

Common stock, 1,000 voting shares and 99,000 nonvoting shares
authorized, issued and outstanding

Retained earnings

Total stockholders' equity

Total Liabilities and Stockholders' Equity

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Pay Tel Communications, Inc.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Net revenues		
Costs of revenues		
Gross profit		
Selling, general and administrative expenses:		
Salaries and related expenses		
Professional services		
Rents, maintenance and utilities		
Depreciation and amortization		
Other		
Computer supplies and support		
Telephone and broadband		
Property taxes, licenses and insurance		
Research and development		
Total selling, general and administrative expenses		
Income before other expenses		
Other expenses:		
Loss on notes receivable from related parties		
Interest and amortization		
Net loss on disposal of property and equipment		
Total other expenses		
Net income (loss)		
Retained earnings at beginning of year		
Distributions to stockholders		
Retained earnings at end of year		

See notes to financial statements.

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

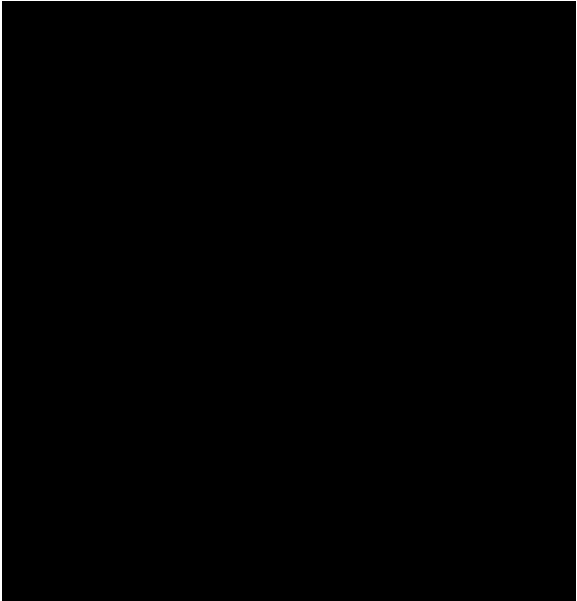
	<u>2014</u>	<u>2013</u>
<u>Increase (Decrease) in Cash</u>		
Operating activities:		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property and equipment		
Amortization of deferred contract costs		
Amortization of other noncurrent assets		
Allowance for doubtful accounts and other noncash activities		
Net loss on disposal of property and equipment		
Loss on notes receivable from related parties		
Cash surrender value of Stockholder's life insurance		
(Increase) decrease in related assets:		
Accounts receivable and settlement reserve deposits		
Prepaid expenses and other receivables		
Net deferred contract costs		
Increase (decrease) in related liabilities:		
Accounts payable		
Accrued expenses and other liabilities		
Unearned revenues		
Net cash provided by operating activities		
Investing activities:		
Purchases of property and equipment		
Net proceeds from sale of property and equipment		
Net cash used in investing activities		

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Pay Tel Communications, Inc.

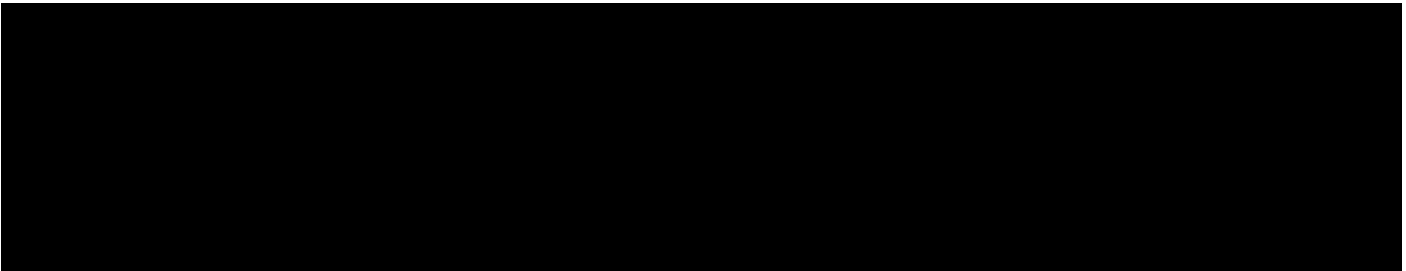
STATEMENTS OF CASH FLOWS - CONTINUED
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Financing activities:		
Net repayments on working capital line of credit		
Borrowings from equipment loans		
Repayments on equipment loans		
Payments on capitalized lease		
Distributions to stockholders		
Loan origination fees		
Net cash used in financing activities		
Net increase in cash		
Cash at beginning of year		
Cash at end of year		

Supplemental Disclosures

Interest paid	
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Noncash Investing and Financing Activities



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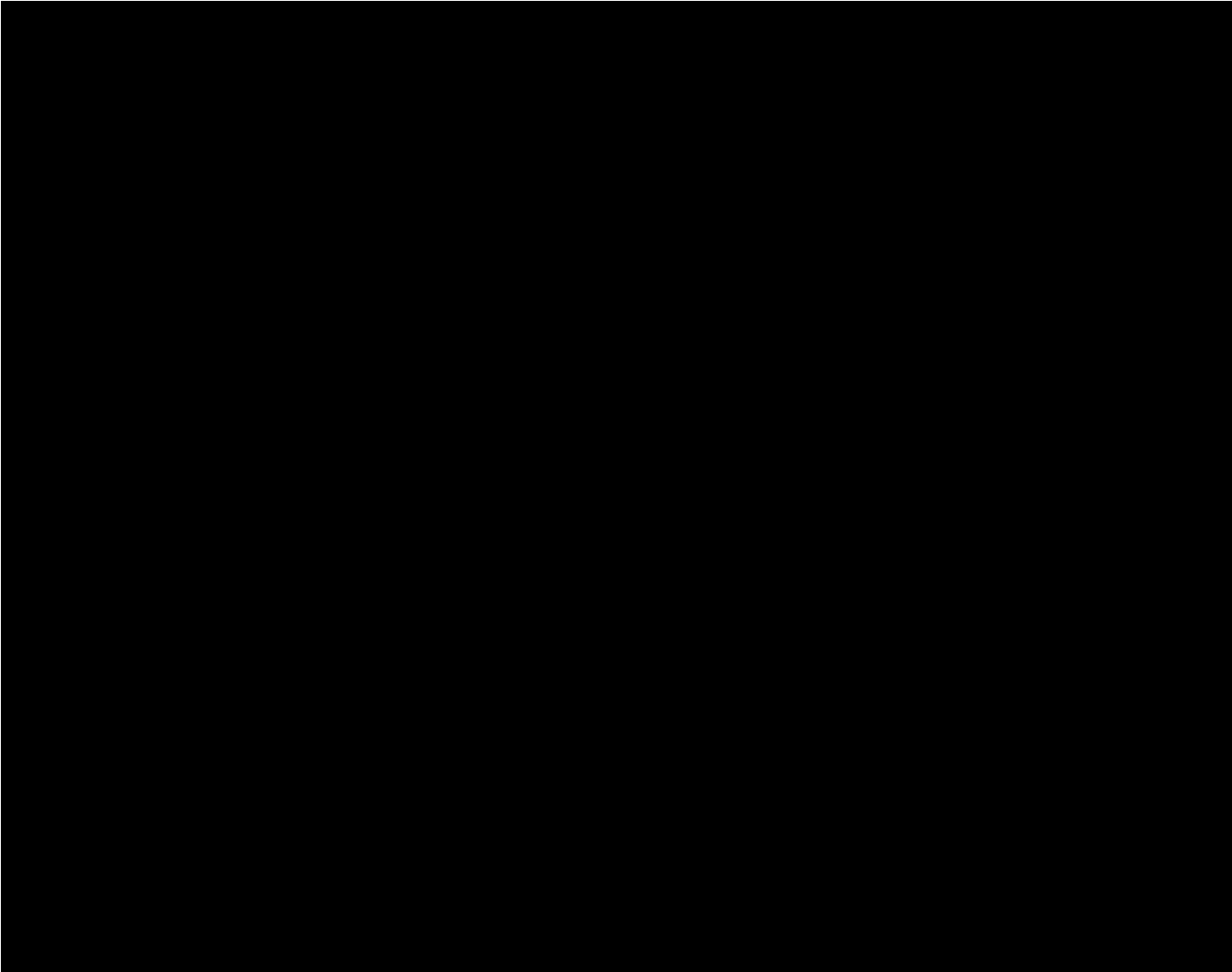
Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

(1) **Nature of Business**

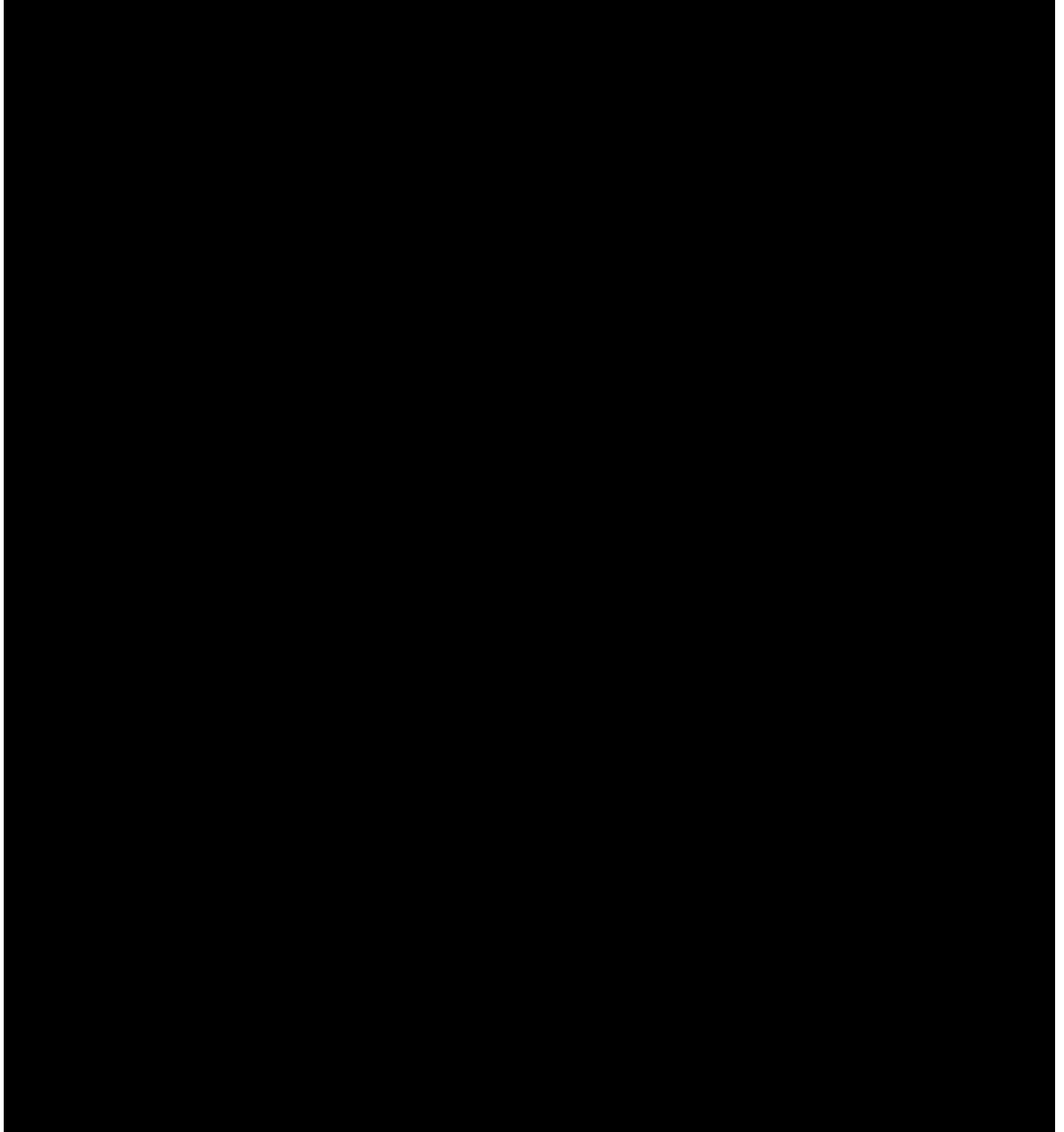
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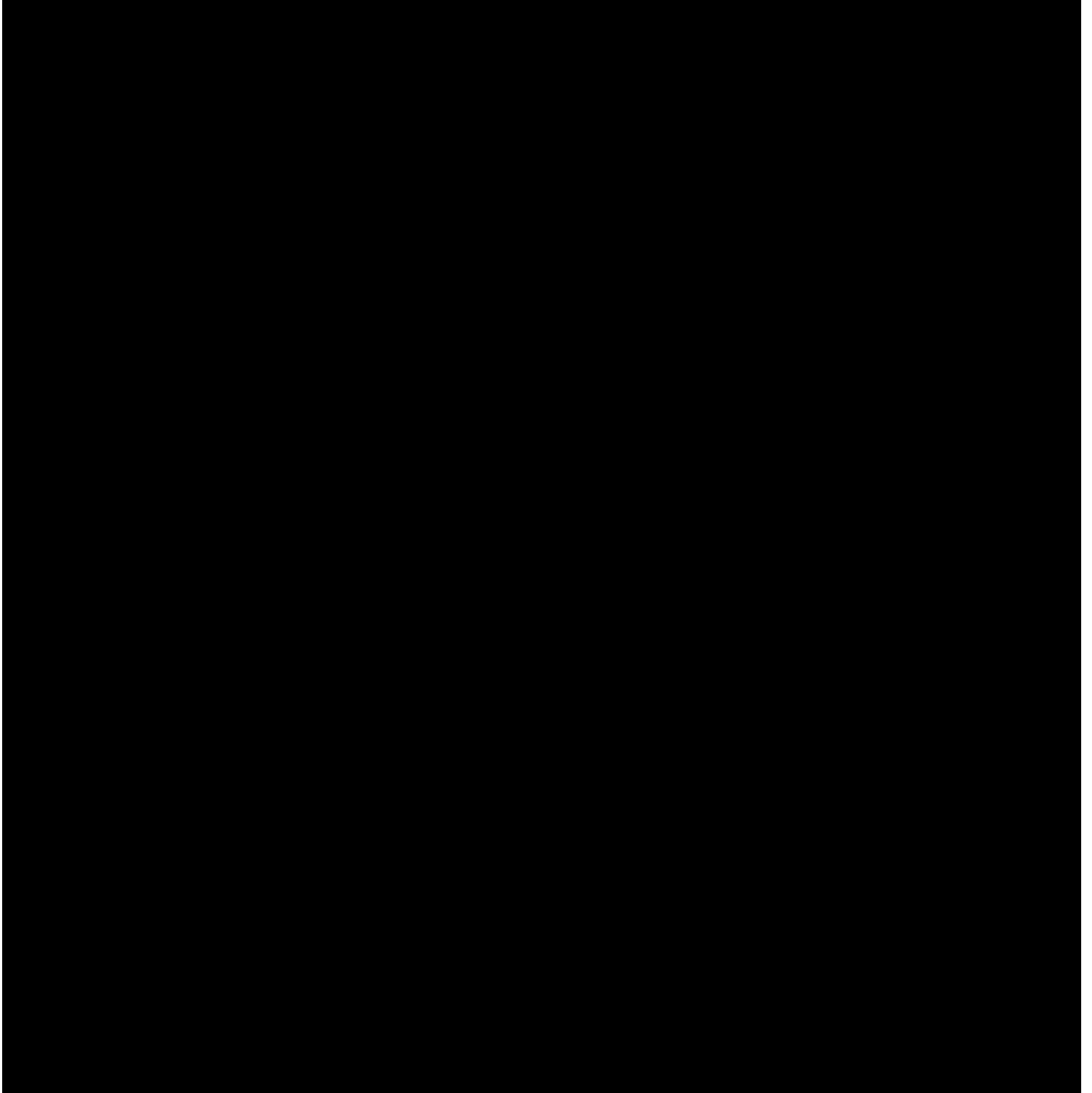
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013



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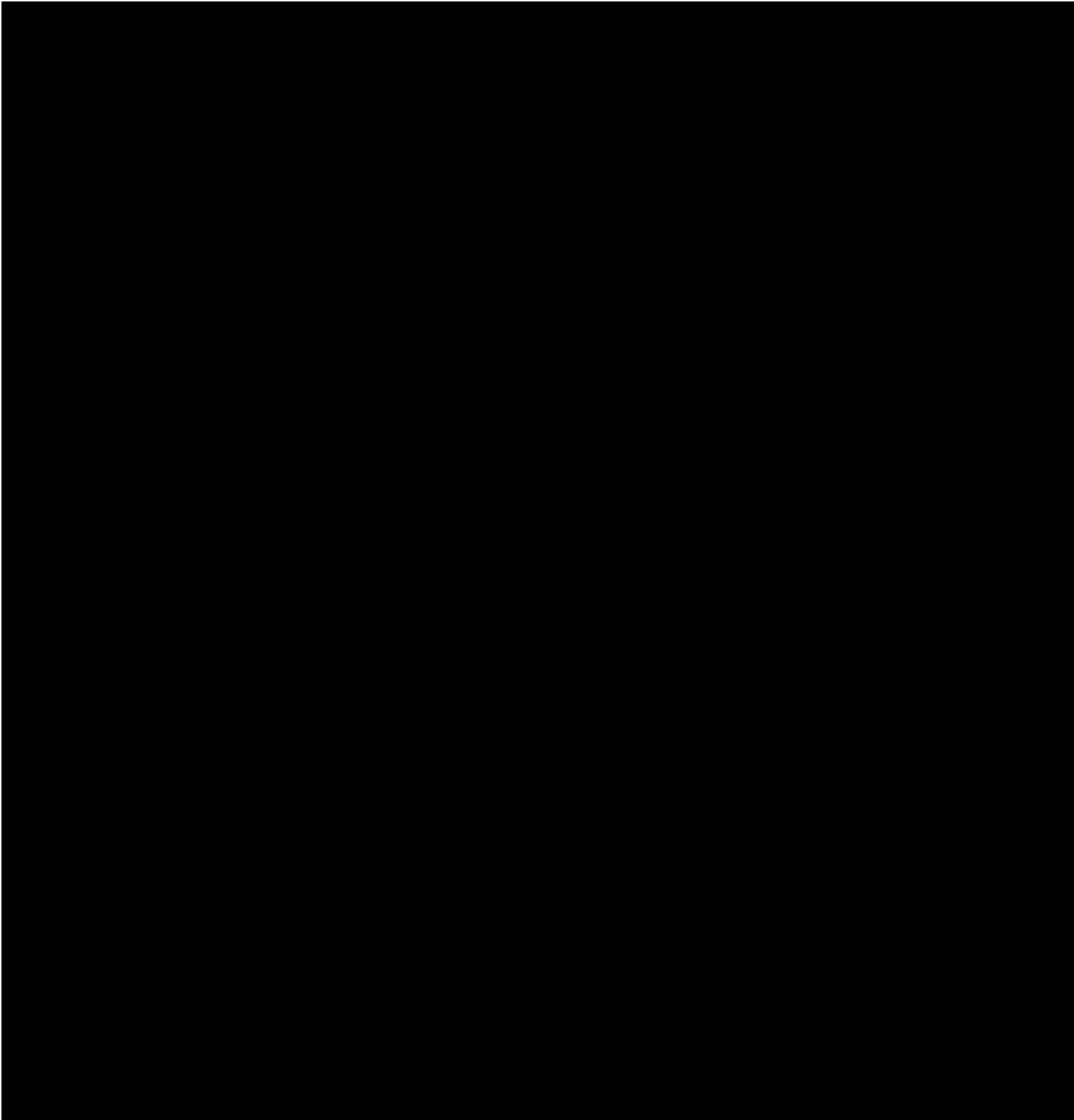
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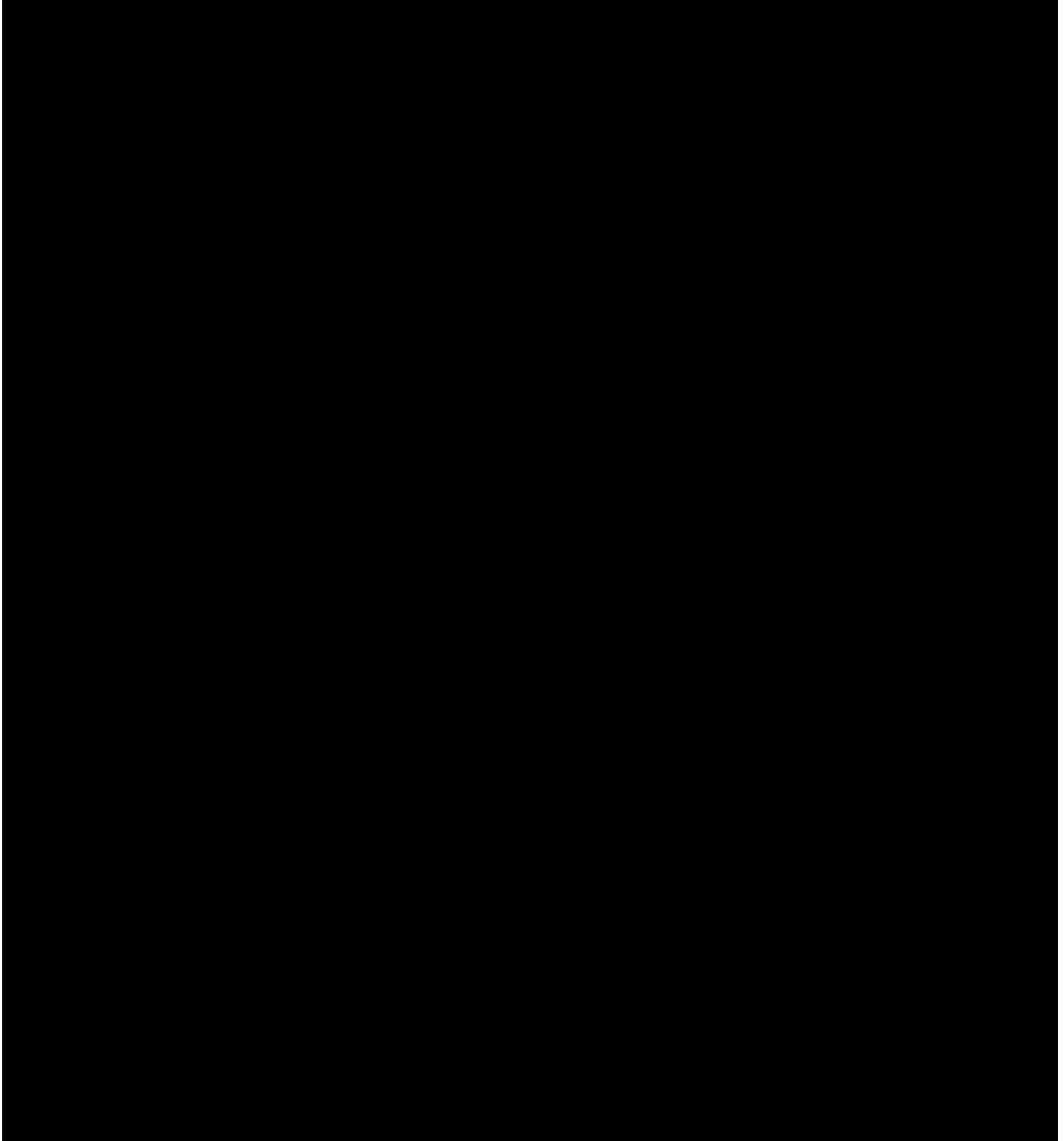
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013



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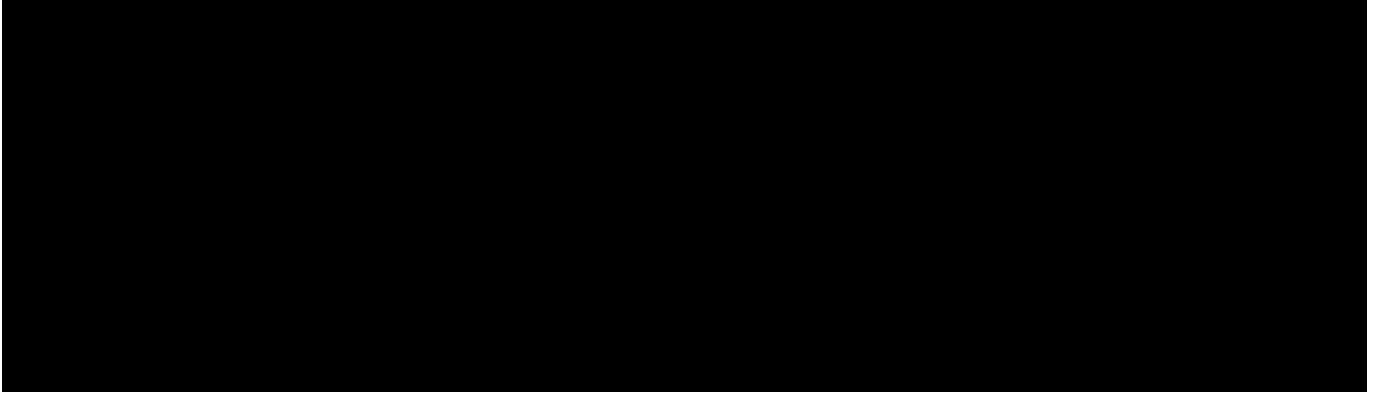
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013



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Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013



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Pay Tel Communications, Inc.

FINANCIAL STATEMENTS and Independent Auditor's Report

December 31, 2015 and 2014



Leeper, Kean & Rumley, L.L.P.
Certified Public Accountants and Consultants

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Pay Tel Communications, Inc.
Greensboro, North Carolina

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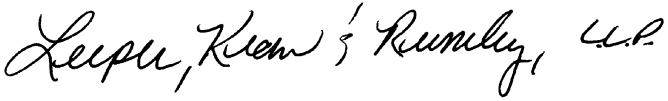
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

March 1, 2019

REDACTED— FOR PUBLIC INSPECTION***Opinion***

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A handwritten signature in black ink, reading "Kieren S. Rumbley, C.P.A." in a cursive script.

Greensboro, North Carolina
April 27, 2016

REDACTED– FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current assets:		
Cash		
Net accounts receivable		
Prepaid expenses and other receivables		
Related party notes receivable and advances		
Total current assets		
Property and equipment, at cost:		
Inmate communications equipment		
Office furniture, equipment and software		
Leasehold improvements		
Vehicles		
Total property and equipment		
Less accumulated depreciation and amortization		
Net property and equipment		
Other assets:		
Net deferred contract costs and commissions		
Settlement reserve deposits		
Cash surrender value of Stockholder's life insurance		
Deposits and other noncurrent assets		
Total other assets		
Total Assets		

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Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2015 and 2014

Liabilities and Stockholders' Equity

2015

2014

Current liabilities:

Current portion of equipment loans
Current portion of capitalized lease
Accounts payable
Accrued expenses and other liabilities
Unearned revenues
Due to stockholder

Total current liabilities

Noncurrent liabilities:

Noncurrent portion of equipment loans
Noncurrent portion of capitalized lease

Total noncurrent liabilities

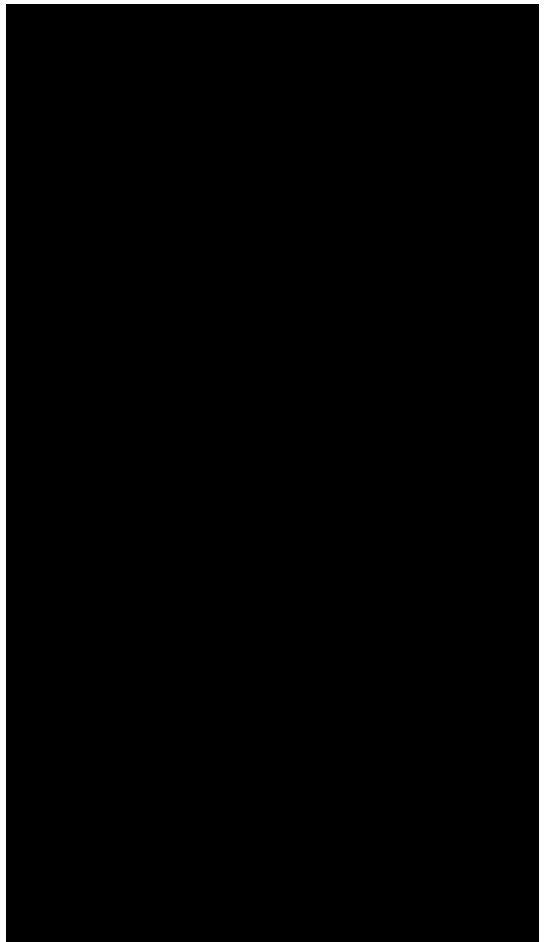
Total liabilities

Stockholders' equity:

Common stock, 1,000 voting shares and 99,000 nonvoting shares
authorized, issued and outstanding
Retained earnings

Total stockholders' equity

Total Liabilities and Stockholders' Equity



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Pay Tel Communications, Inc.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Net revenues		
Costs of revenues		
Gross profit		
Selling, general and administrative expenses:		
Salaries and related expenses		
Professional services		
Depreciation and amortization		
Rents, maintenance and utilities		
Computer supplies and support		
Travel		
Property taxes, licenses and insurance		
Florida sales and use tax (Note 11)		
Telephone and broadband		
Marketing		
Publications, postage and printing		
Other		
Charitable contributions		
Total selling, general and administrative expenses		
Income before other expenses		
Other income (expenses):		
Other income		
Loss on related party notes receivable		
Interest and amortization		
Net loss on disposal of property and equipment		
Net other expenses		
Net income		
Retained earnings at beginning of year		
Distributions to stockholders		
Retained earnings at end of year		

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

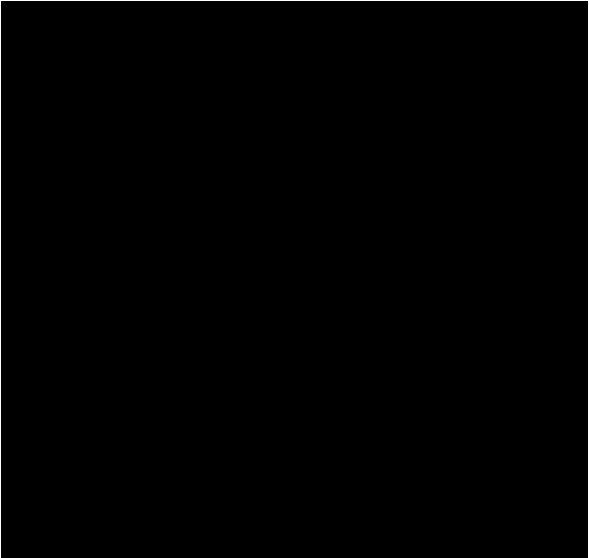
	<u>2015</u>	<u>2014</u>
<u>Increase (Decrease) in Cash</u>		
Operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment		
Amortization of deferred contract costs		
Amortization of other noncurrent assets		
Allowance for doubtful accounts and other noncash activities		
Net loss on disposal of property and equipment		
Loss on related party notes receivable		
Cash surrender value of Stockholder's life insurance		
(Increase) decrease in related assets:		
Accounts receivable and settlement reserve deposits		
Prepaid expenses and other receivables		
Net deferred contract costs		
Increase (decrease) in related liabilities:		
Accounts payable		
Accrued expenses and other liabilities		
Unearned revenues		
Net cash provided by operating activities		
Investing activities:		
Purchases of property and equipment		
Net proceeds from sale of property and equipment		
Net related party advances		
Net cash used in investing activities		

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED
For the Years Ended December 31, 2015 and 2014

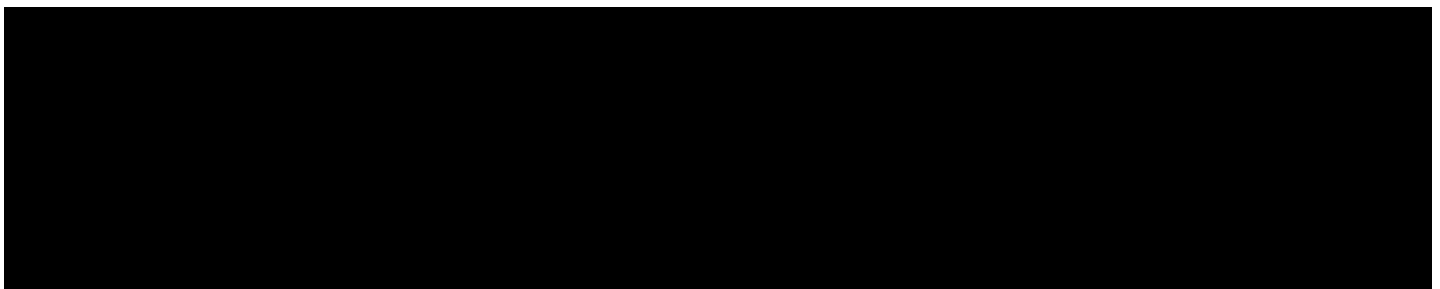
	<u>2015</u>	<u>2014</u>
Financing activities:		
Borrowings from equipment loans		
Repayments on equipment loans		
Payments on capitalized lease		
Distributions to stockholders		
Loan origination fees		
Net cash used in financing activities		
Net increase (decrease) in cash		
Cash at beginning of year		
Cash at end of year		

Supplemental Disclosures

Interest paid



Noncash Investing and Financing Activities

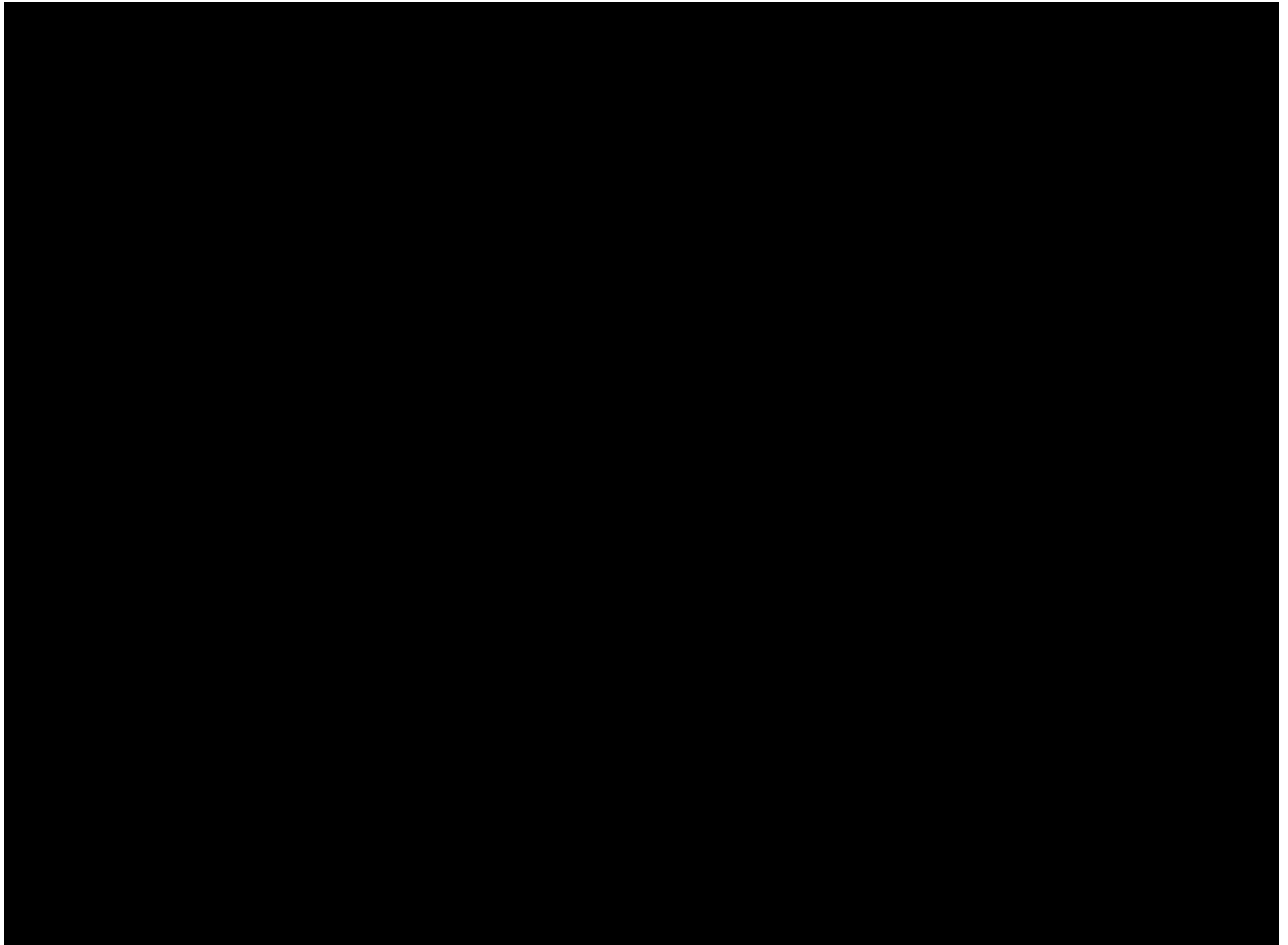


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Pay Tel Communications, Inc.**NOTES TO FINANCIAL STATEMENTS**December 31, 2015 and 2014

(1) Nature of Business

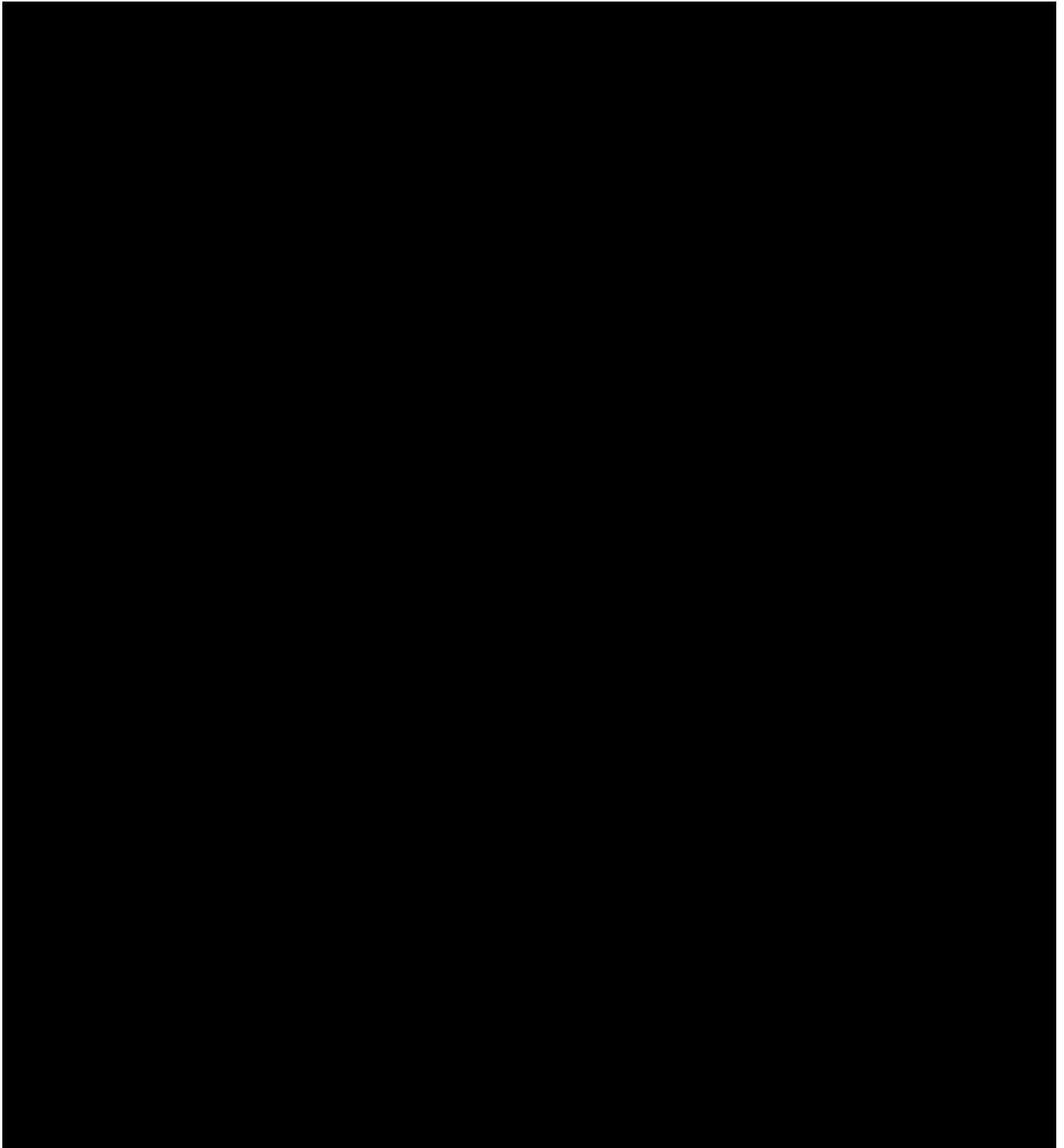
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(2) Summary of Significant Accounting Policies

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Pay Tel Communications, Inc.

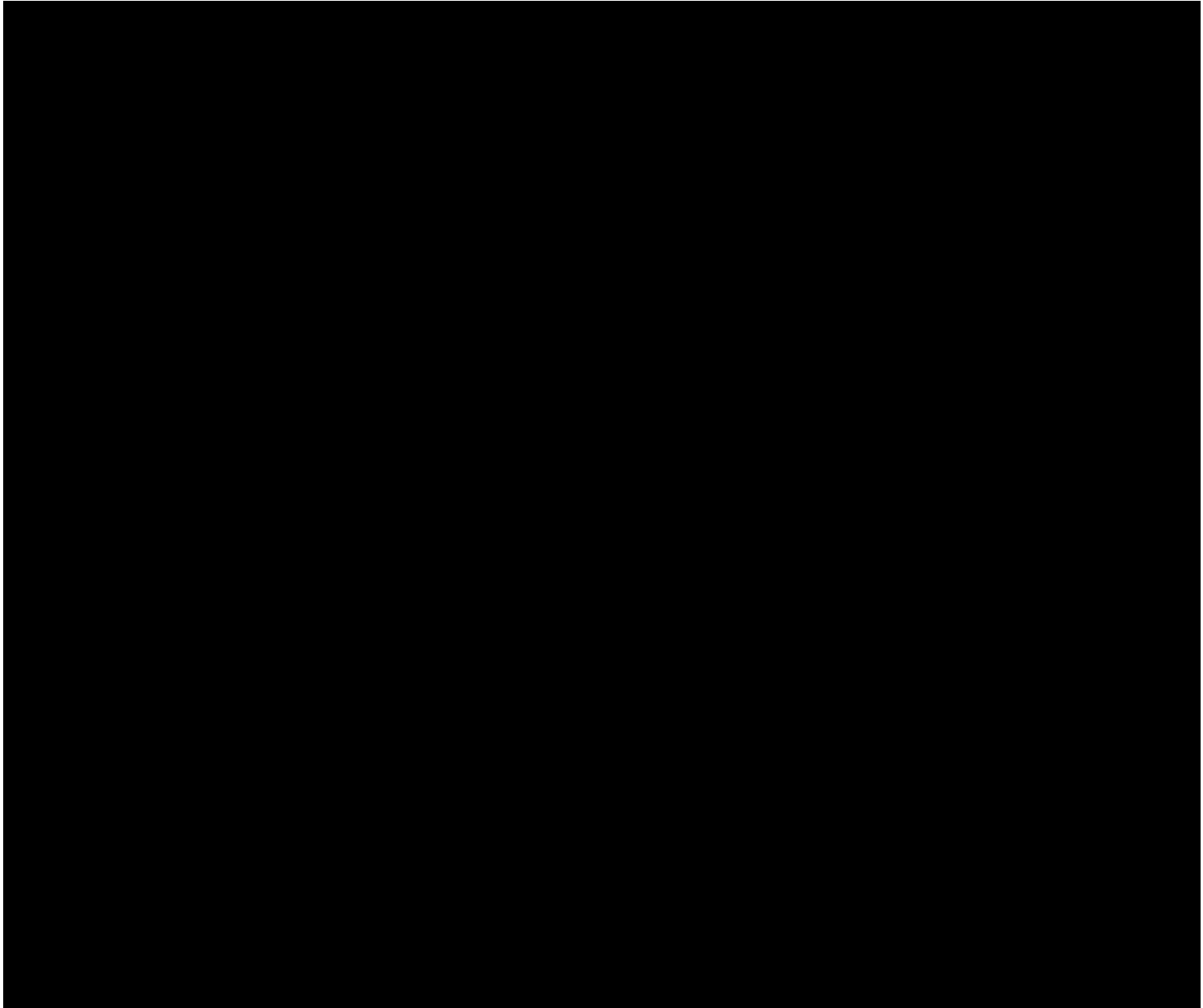
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014



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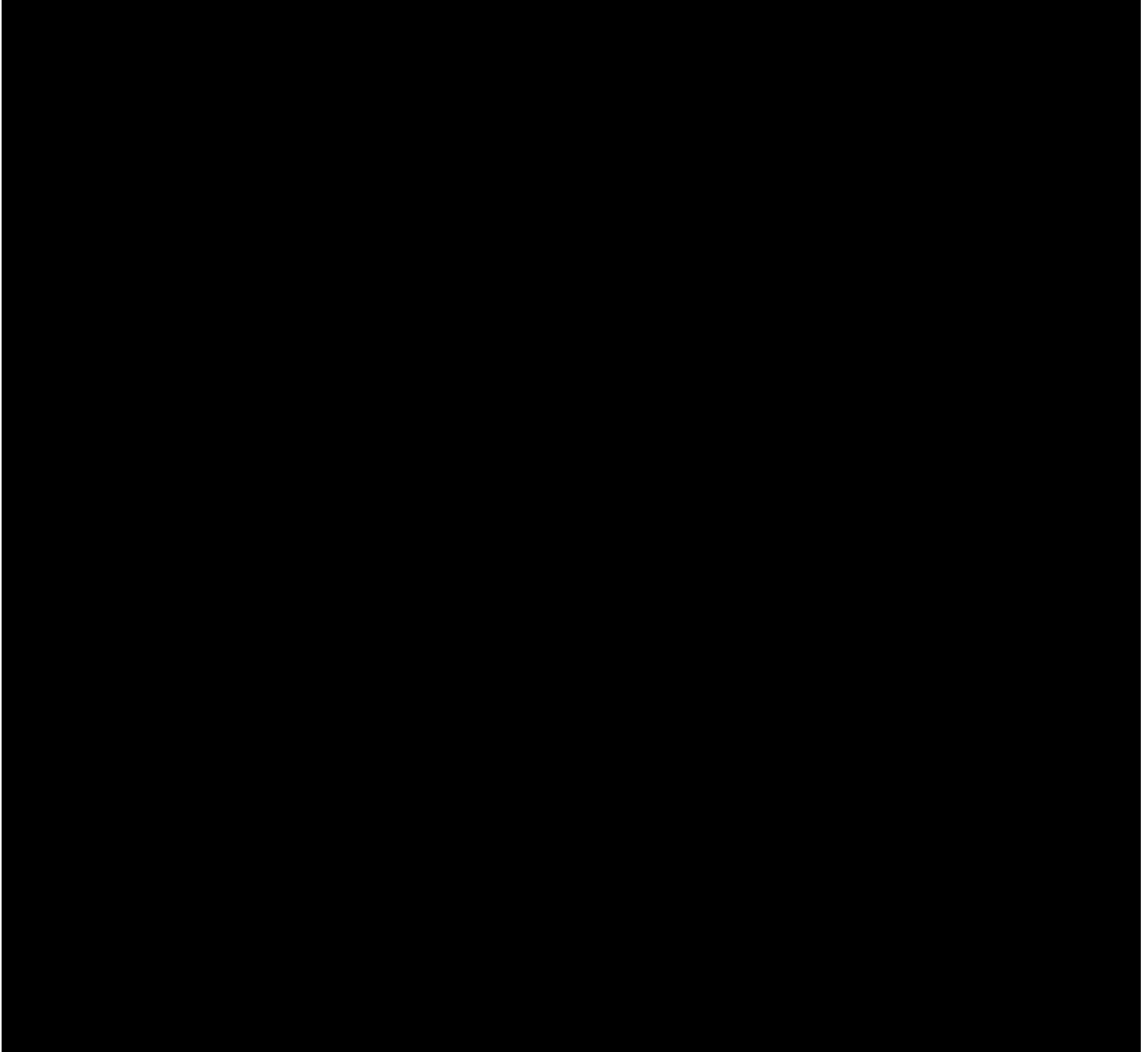
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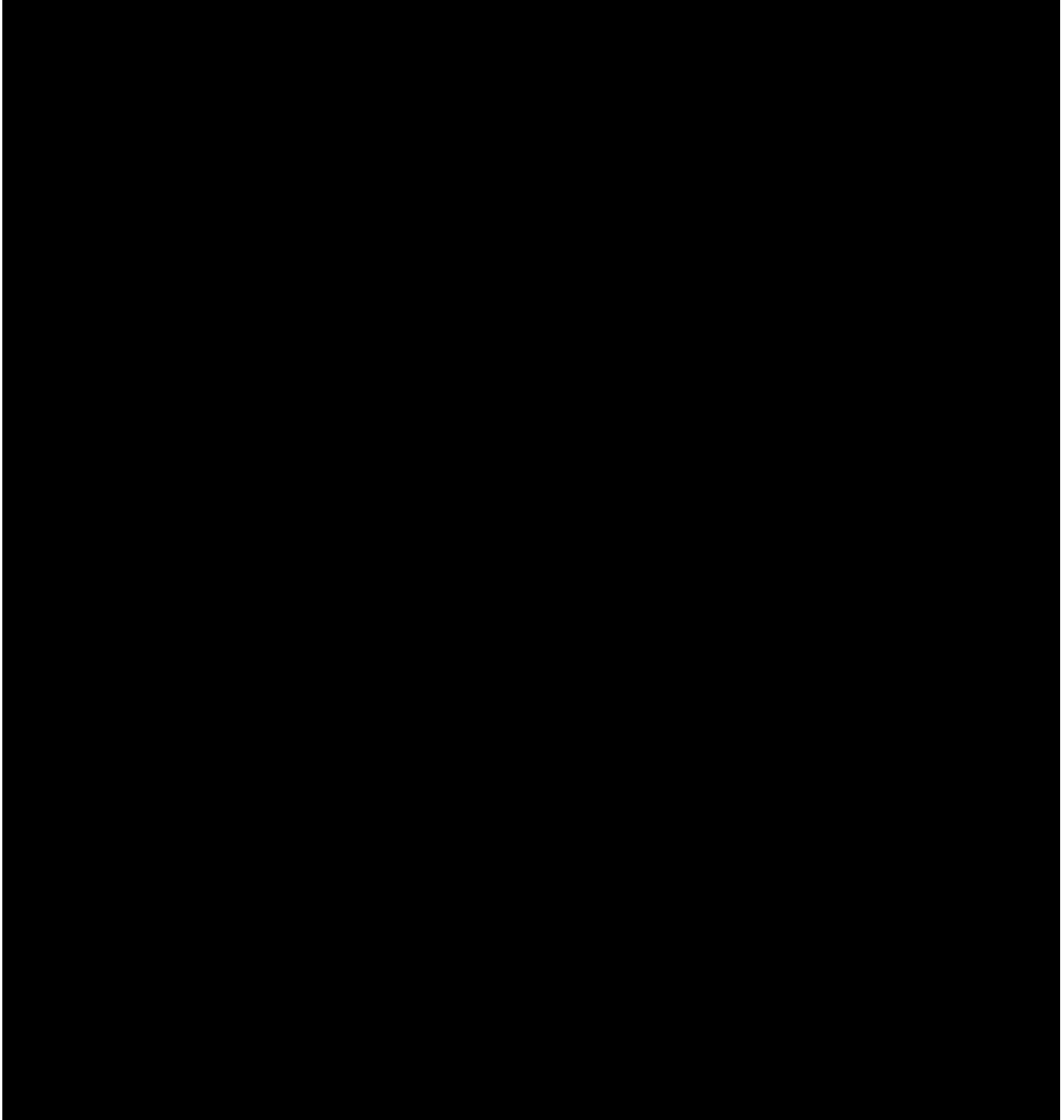
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December 31, 2015 and 2014



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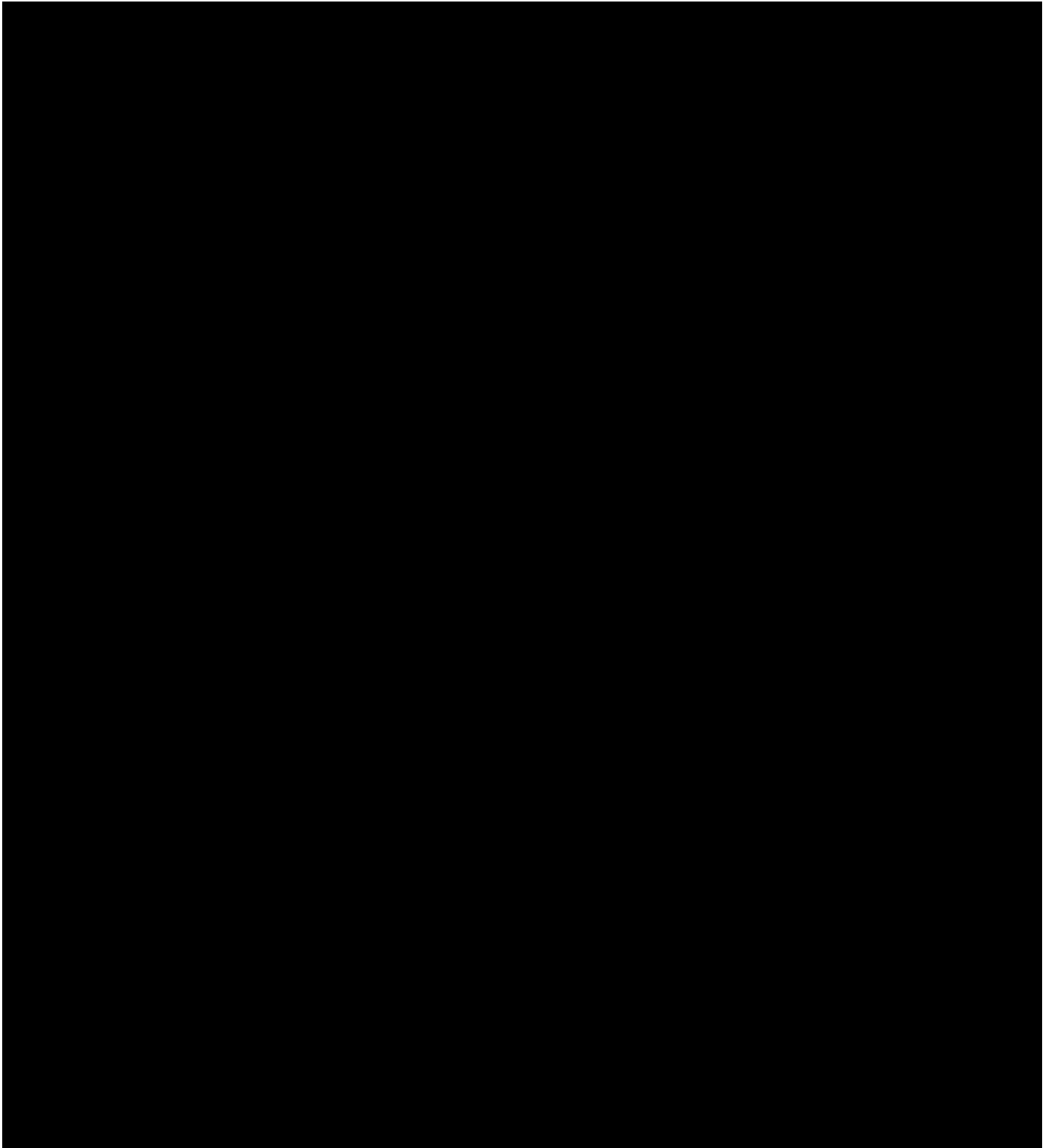
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014



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Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014



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Pay Tel Communications, Inc.

FINANCIAL STATEMENTS and Independent Auditor's Report

December 31, 2016 and 2015



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Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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Greensboro, North Carolina

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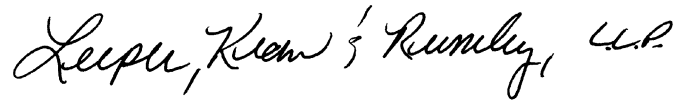
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March 1, 2019

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A handwritten signature in black ink that reads "Leifu, Kiem & Rumley, U.P." The signature is written in a cursive, flowing style.

Greensboro, North Carolina
April 17, 2017

REDACTED— FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current assets:		
Cash		
Net accounts receivable		
Prepaid expenses and other receivables		
Related party notes receivable and advances		
Total current assets		
Property and equipment, at cost:		
Inmate communications equipment		
Office furniture, equipment and software		
Leasehold improvements		
Vehicles		
Total property and equipment		
Less accumulated depreciation and amortization		
Net property and equipment		
Other assets:		
Net deferred contract costs and commissions		
Settlement reserve deposits		
Cash surrender value of Stockholder's life insurance		
Deposits and other noncurrent assets		
Total other assets		
Total Assets		

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Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2016 and 2015

Liabilities and Stockholders' Equity

2016

2015

Current liabilities:

Current portion of equipment loans
Current portion of capitalized lease
Accounts payable
Accrued expenses and other liabilities
Unearned revenues
Due to stockholder

Total current liabilities

Noncurrent liabilities:

Noncurrent portion of equipment loans
Noncurrent portion of capitalized lease

Total noncurrent liabilities

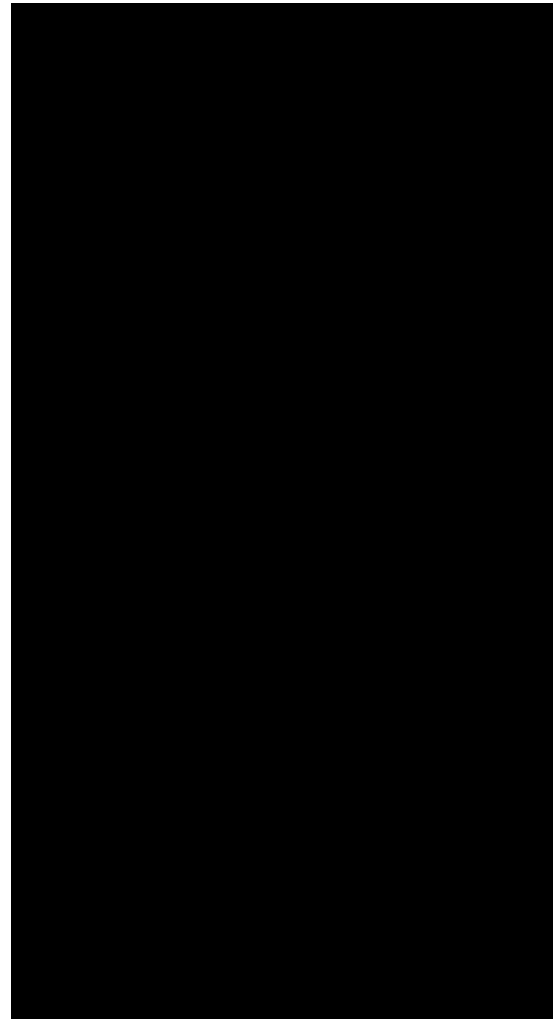
Total liabilities

Stockholders' equity:

Common stock, 1,000 voting shares and 99,000 nonvoting shares
authorized, issued and outstanding
Retained earnings

Total stockholders' equity

Total Liabilities and Stockholders' Equity



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Pay Tel Communications, Inc.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net revenues		
Costs of revenues		
Gross profit		
Selling, general and administrative expenses:		
Salaries and related expenses		
Professional services		
Depreciation and amortization		
Rents, maintenance and utilities		
Property taxes, licenses and insurance		
Travel		
Computer supplies and support		
Telephone and broadband		
Publications, postage and printing		
Marketing		
Charitable contributions		
Other		
Total selling, general and administrative expenses		
Income before other expenses		
Other income (expenses):		
Florida sales and use tax (Note 11)		
Other income		
Loss on related party notes receivable		
Interest and amortization		
Net loss on disposal of property and equipment		
Net other income (expenses)		
Net income		
Retained earnings at beginning of year		
Distributions to stockholders		
Retained earnings at end of year		

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment		
Amortization of deferred contract costs		
Amortization of other noncurrent assets		
Allowance for doubtful accounts and other noncash activities		
Impairment of inmate communications equipment		
Net loss on disposal of property and equipment		
Loss on related party notes receivable		
Cash surrender value of Stockholder's life insurance		
(Increase) decrease in related assets:		
Accounts receivable and settlement reserve deposits		
Prepaid expenses and other receivables		
Net deferred contract costs		
Increase (decrease) in related liabilities:		
Accounts payable		
Accrued expenses and other liabilities		
Unearned revenues		
Net cash provided by operating activities		
Investing activities:		
Purchases of property and equipment		
Net proceeds from sale of property and equipment		
Net related party advances and due to stockholder		
Net cash used in investing activities		

- Continued -

REDACTED— FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED **For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Financing activities:		
Borrowings from equipment loans		
Repayments on equipment loans		
Payments on capitalized lease		
Distributions to stockholders		
Loan origination fees		
Net cash used in financing activities		
Net increase (decrease) in cash		
Cash at beginning of year		
Cash at end of year		

Supplemental Disclosures

Interest paid	
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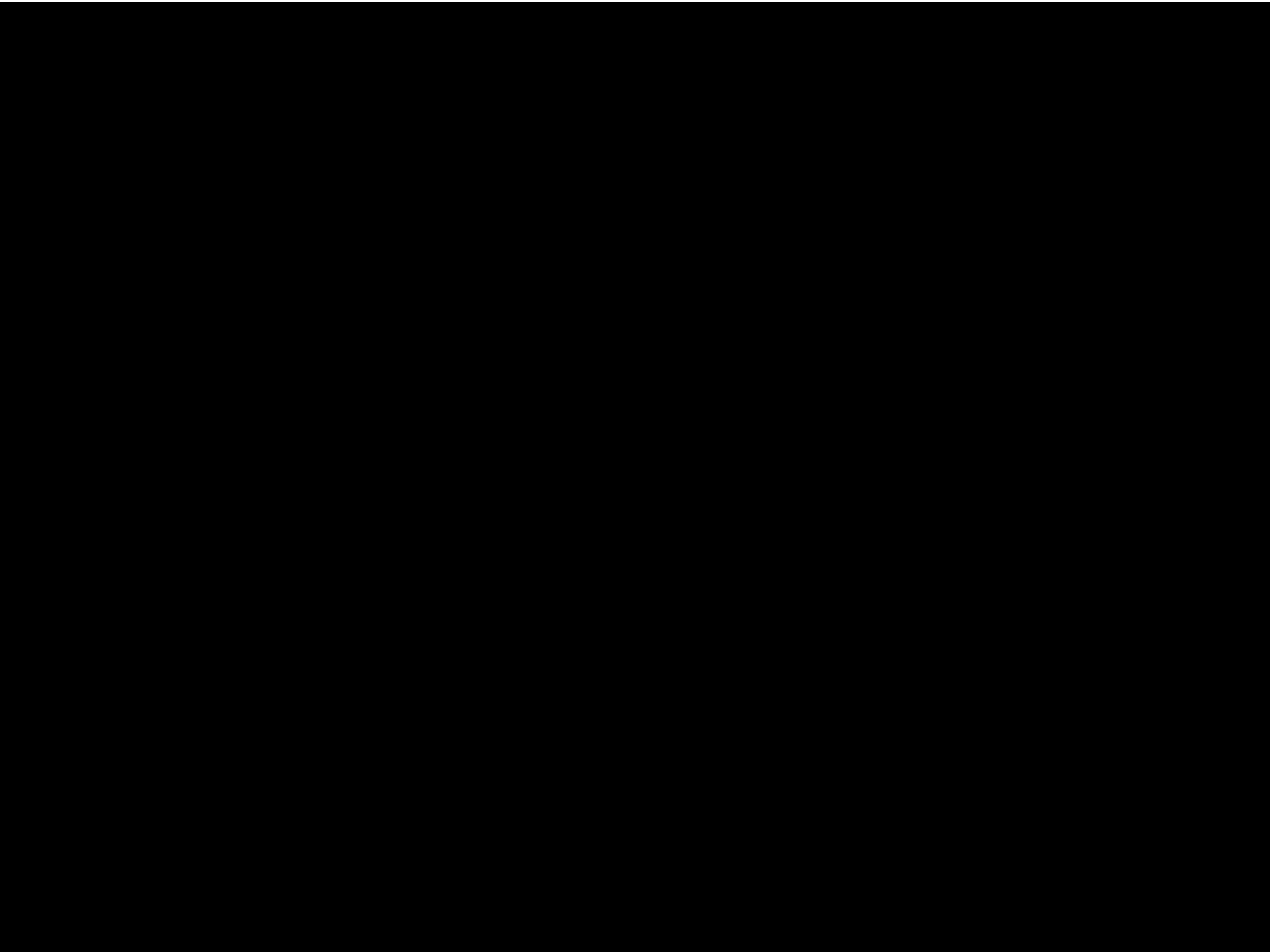
Noncash Investing and Financing Activities

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REDACTED- FOR PUBLIC INSPECTION**Pay Tel Communications, Inc.****NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

(1) Nature of Business

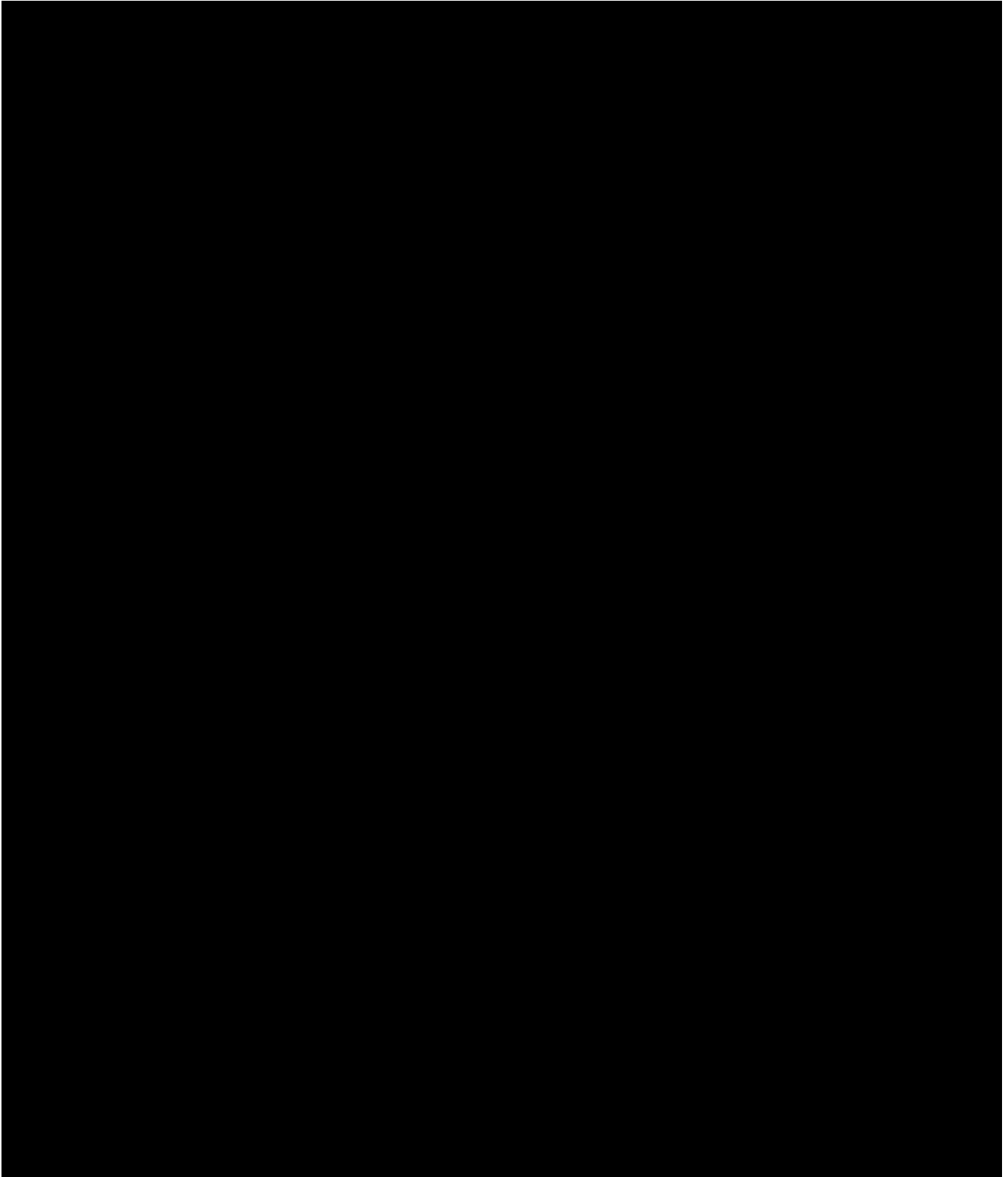
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Pay Tel Communications, Inc.

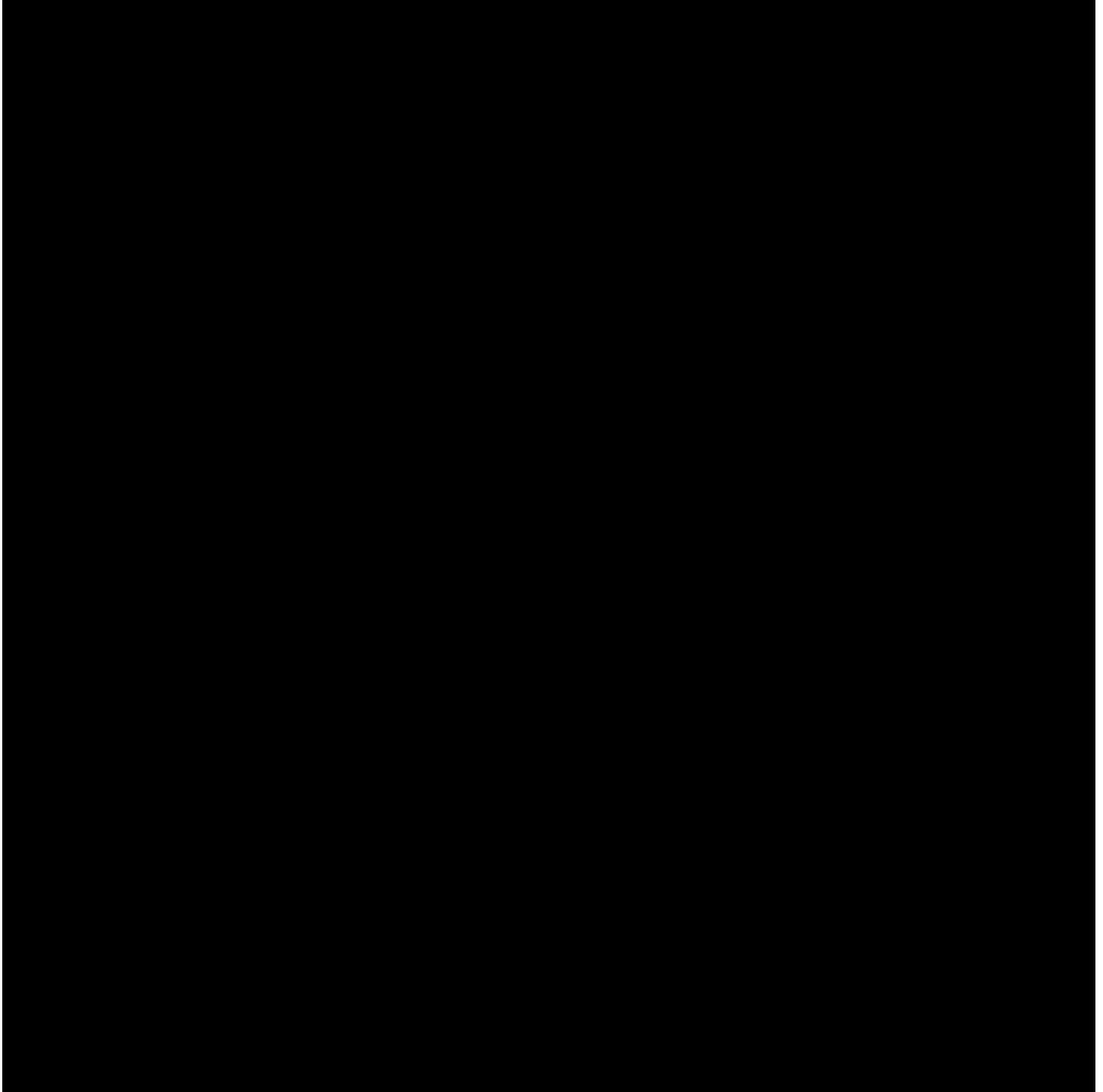
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015



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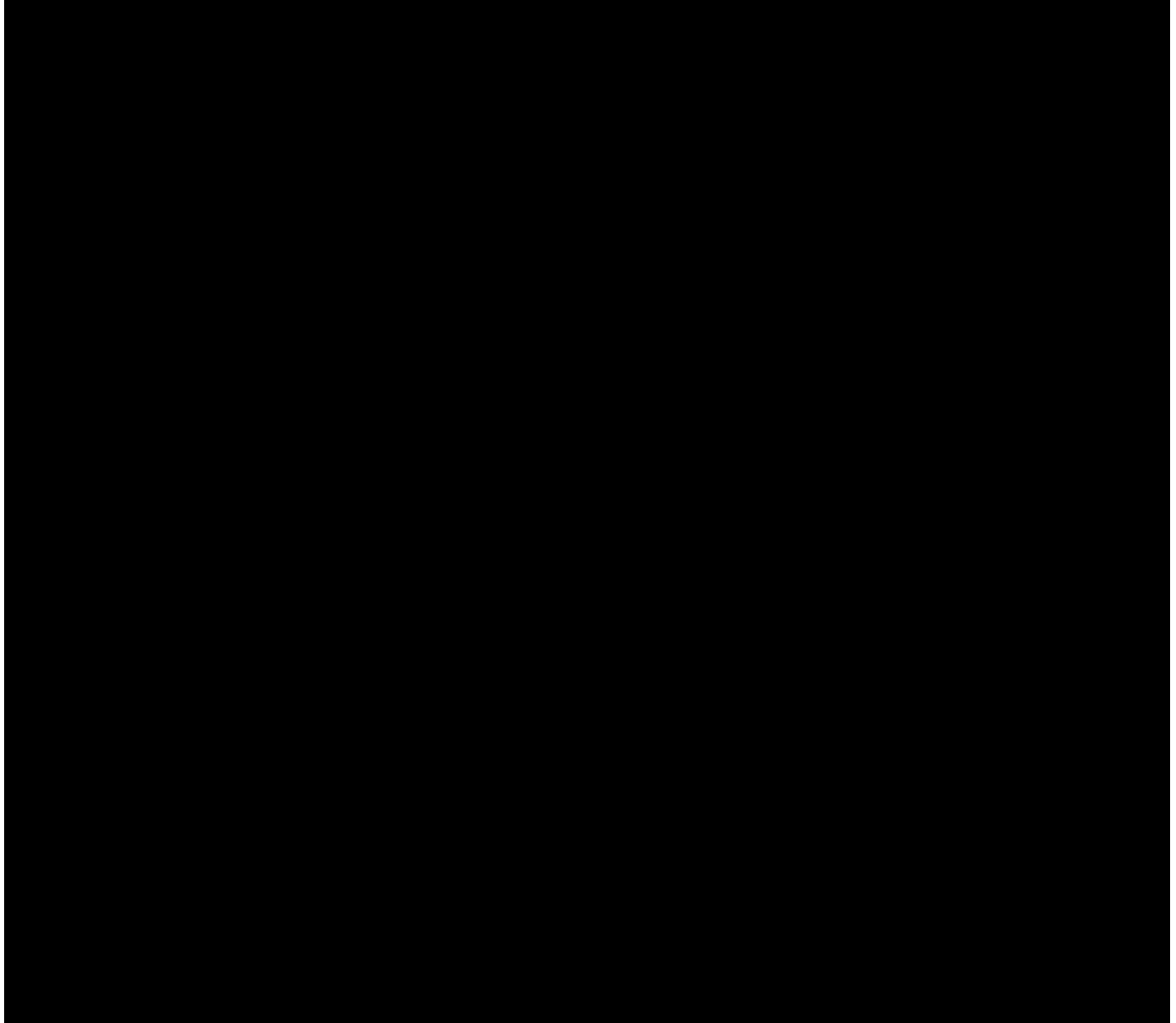
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015



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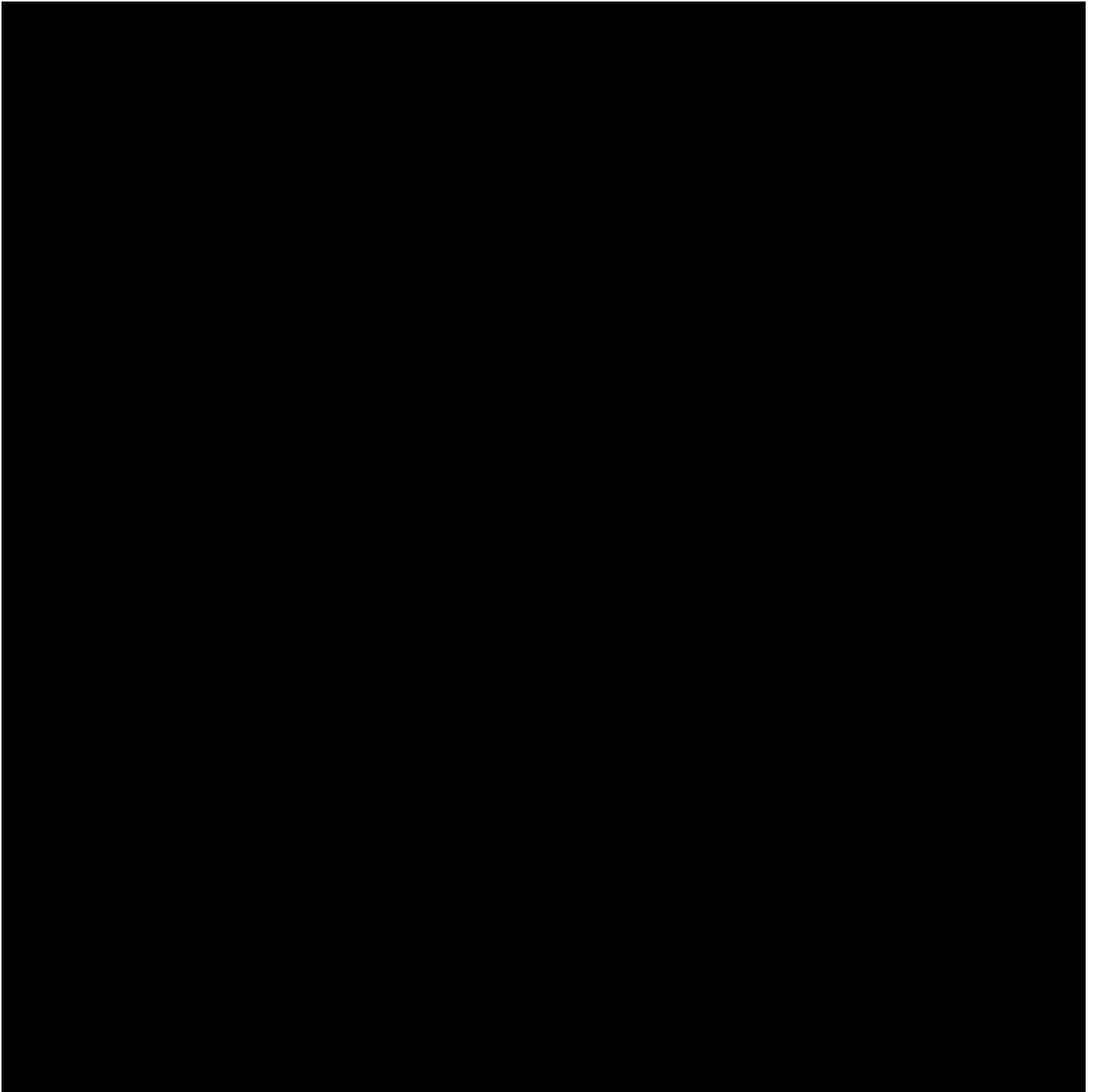
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015



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Pay Tel Communications, Inc.

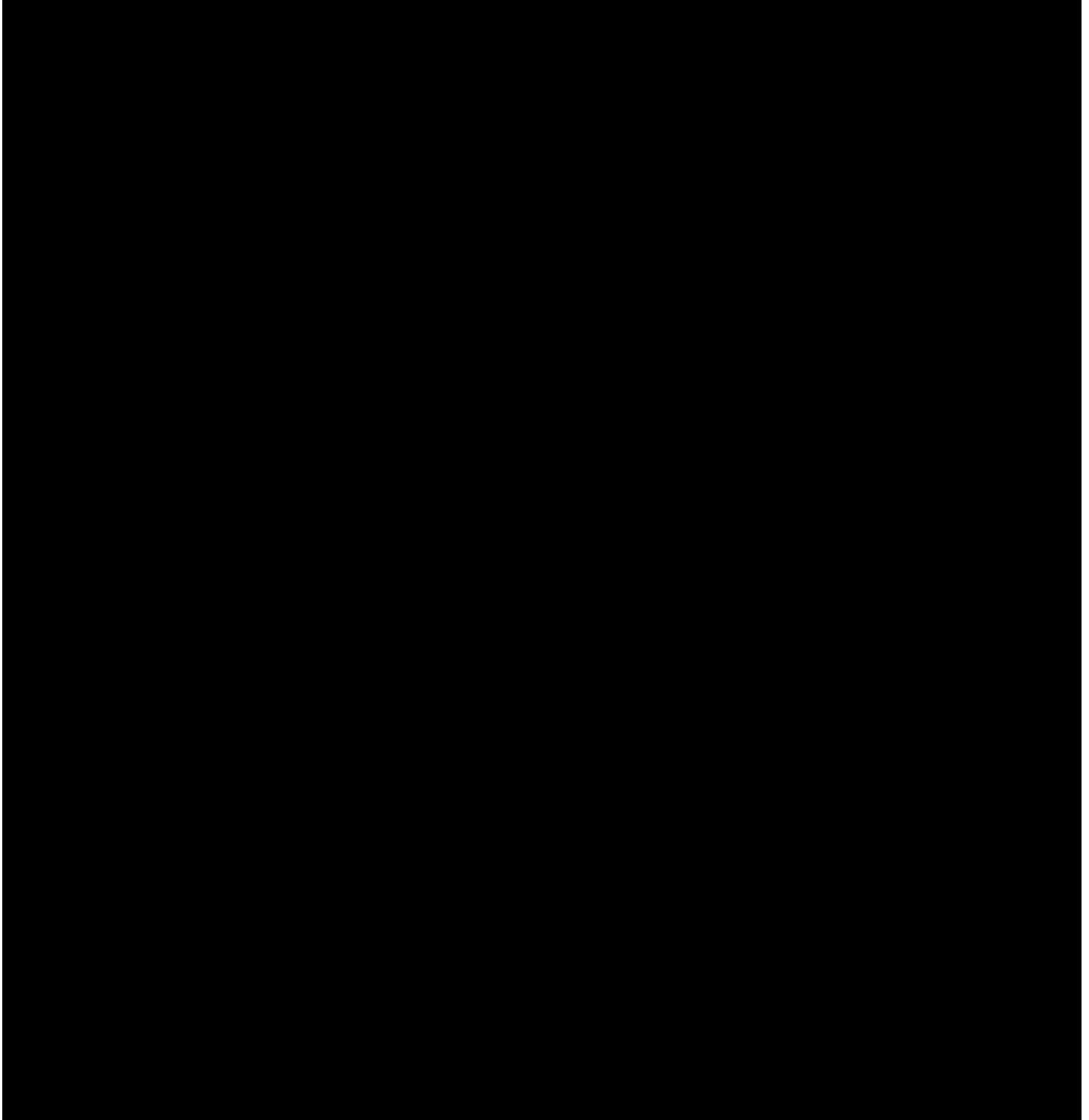
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015



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Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015



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Pay Tel Communications, Inc.

**FINANCIAL STATEMENTS
and Independent Auditor's Report**

December 31, 2017 and 2016



Leeper, Kean & Rumley, L.L.P.

Certified Public Accountants and Consultants

REDACTED FOR PUBLIC INSPECTION**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders
Pay Tel Communications, Inc.
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Pay Tel Communications, Inc. (an S Corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

March 1, 2019

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pay Tel Communications, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Leiper, Kiem & Rumbly, C.P.A.

Greensboro, North Carolina
April 4, 2018

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Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current assets:		
Cash, including \$50,000 restricted as collateral for credit facility		
Net accounts receivable		
Prepaid expenses and other receivables		
Related party notes receivable and advances		
Total current assets		
Property and equipment, at cost:		
Inmate communications equipment		
Office furniture, equipment and software		
Leasehold improvements		
Vehicles		
Total property and equipment		
Less accumulated depreciation and amortization		
Net property and equipment		
Other assets:		
Net deferred contract costs and commissions		
Settlement reserve deposits		
Cash surrender value of stockholder's life insurance		
Deposits and other noncurrent assets		
Total other assets		
Total Assets		

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Pay Tel Communications, Inc.

BALANCE SHEETS

December 31, 2017 and 2016

Liabilities and Stockholders' Equity

2017

2016

Current liabilities:

Current portion of equipment loans
Current portion of capitalized leases
Accounts payable
Accrued expenses and other liabilities
Unearned revenues
Due to stockholder

Total current liabilities

Noncurrent liabilities:

Noncurrent portion of equipment loans
Noncurrent portion of capitalized leases

Total noncurrent liabilities

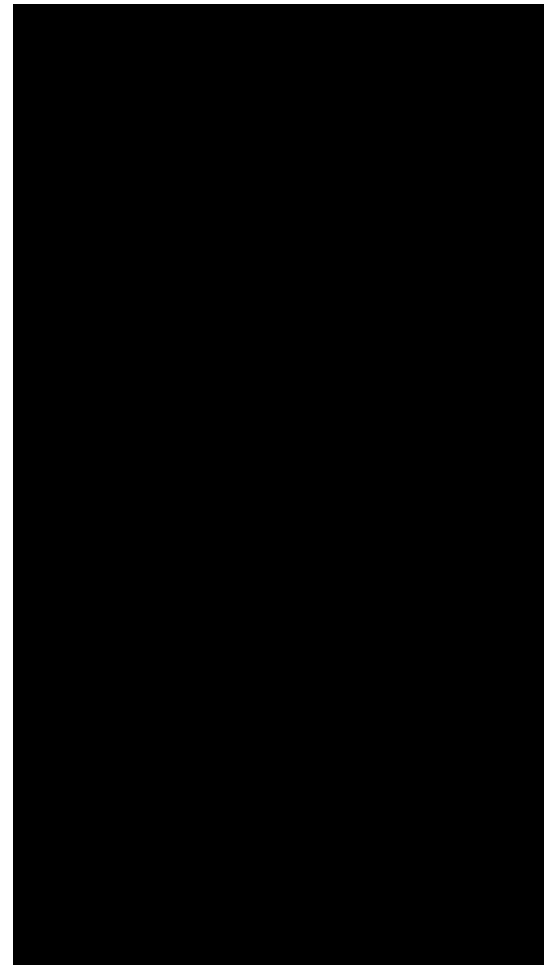
Total liabilities

Stockholders' equity:

Common stock, 1,000 voting shares and 99,000 nonvoting shares
authorized, issued and outstanding
Retained earnings

Total stockholders' equity

Total Liabilities and Stockholders' Equity



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Pay Tel Communications, Inc.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net revenues		
Costs of revenues		
Gross profit		
Selling, general and administrative expenses:		
Salaries and related expenses		
Professional services		
Depreciation and amortization		
Rents, maintenance and utilities		
Computer supplies and support		
Property taxes, licenses and insurance		
Travel		
Telephone and broadband		
Charitable contributions		
Marketing		
Publications, postage and printing		
Other		
Total selling, general and administrative expenses		
Income before other income (expenses)		
Other income (expenses):		
Florida sales and use tax (Note 11)		
Loss on related party notes receivable		
Interest and amortization		
Net gain (loss) on disposal of property and equipment		
Net other income (expenses)		
Net income		
Retained earnings at beginning of year		
Distributions to stockholders		
Retained earnings at end of year		

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Increase (Decrease) in Cash</u>		
Operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment		
Amortization of deferred contract costs and commissions		
Amortization of other noncurrent assets		
Allowance for doubtful accounts and other noncash activities		
Impairment of inmate communications equipment		
Net (gain) loss on disposal of property and equipment		
Loss on related party notes receivable		
Cash surrender value of Stockholder's life insurance		
(Increase) decrease in related assets:		
Accounts receivable and settlement reserve deposits		
Prepaid expenses and other receivables		
Net deferred contract costs and commissions		
Increase (decrease) in related liabilities:		
Accounts payable		
Accrued expenses and other liabilities		
Unearned revenues		
Net cash provided by operating activities		
Investing activities:		
Purchases of property and equipment		
Net proceeds from sale of property and equipment		
Net cash used in investing activities		

- Continued -

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Pay Tel Communications, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Financing activities:		
Repayments on equipment loans		
Payments on capitalized lease		
Distributions to stockholders		
Due to stockholder		
Loan origination fees		
Net cash used in financing activities		
Net increase in cash		
Cash at beginning of year		
Cash at end of year		

Supplemental Disclosures

Interest paid

Noncash Investing and Financing Activities

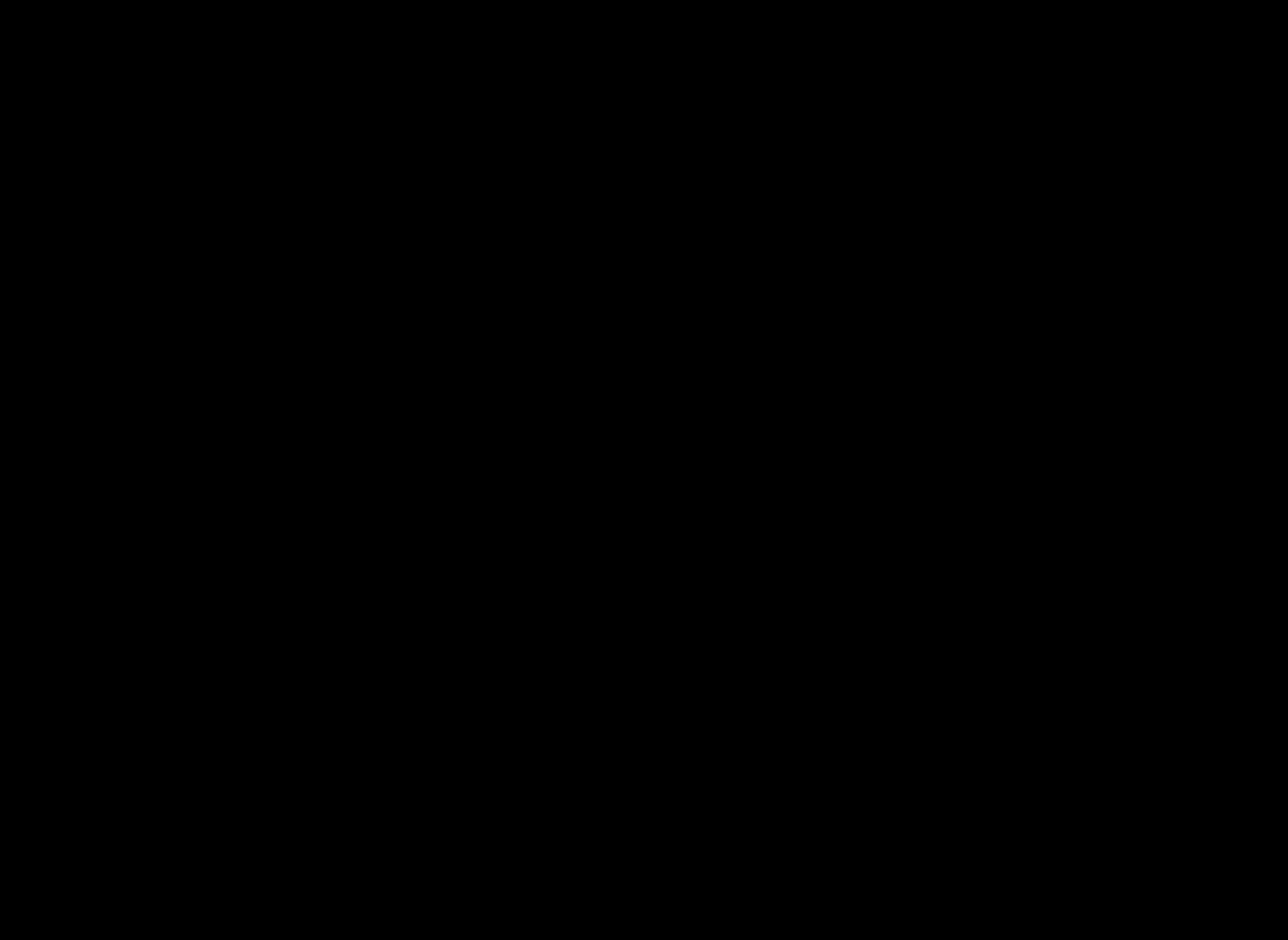
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Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS December 31, 2017 and 2016

(1) Nature of Business

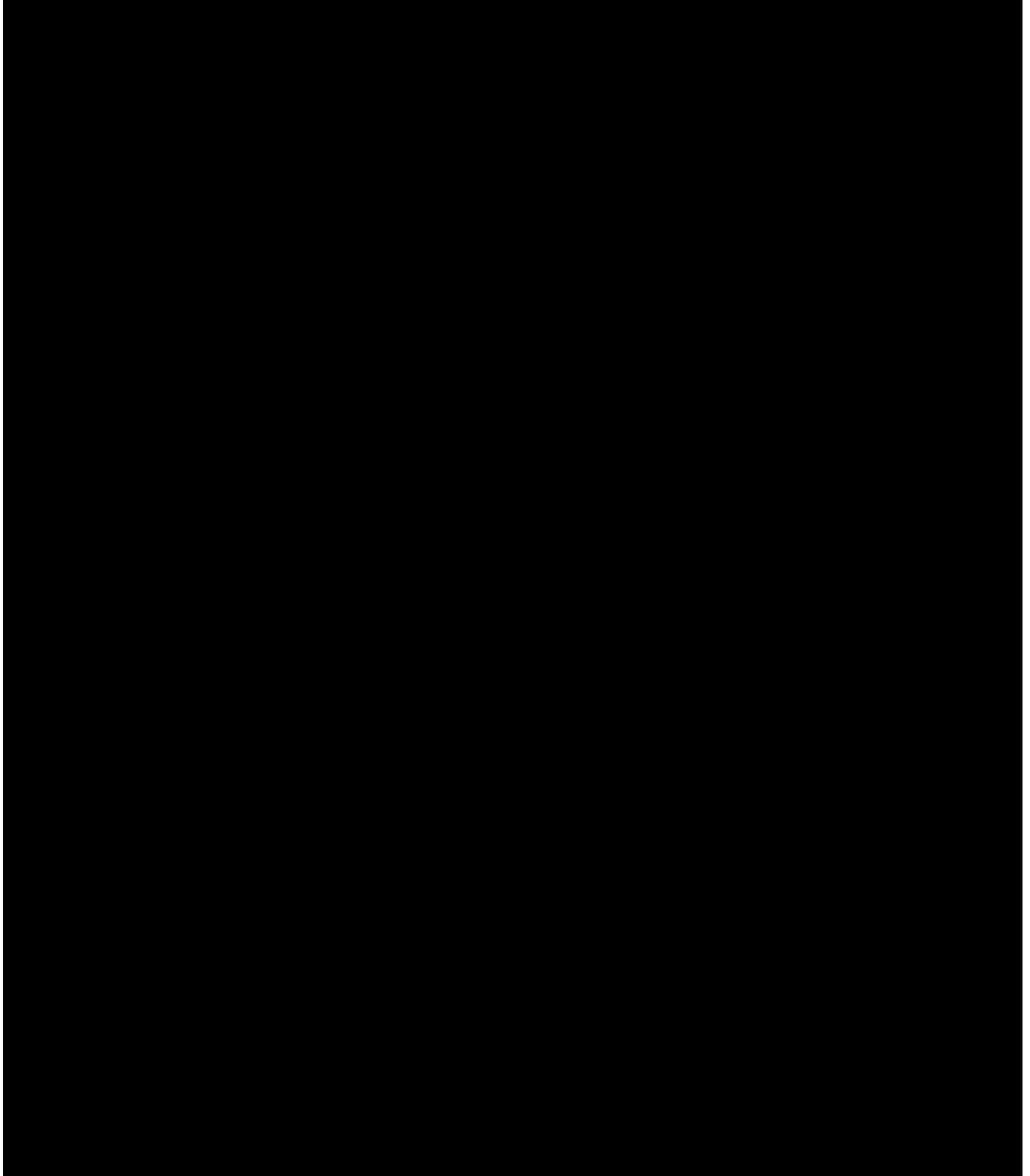
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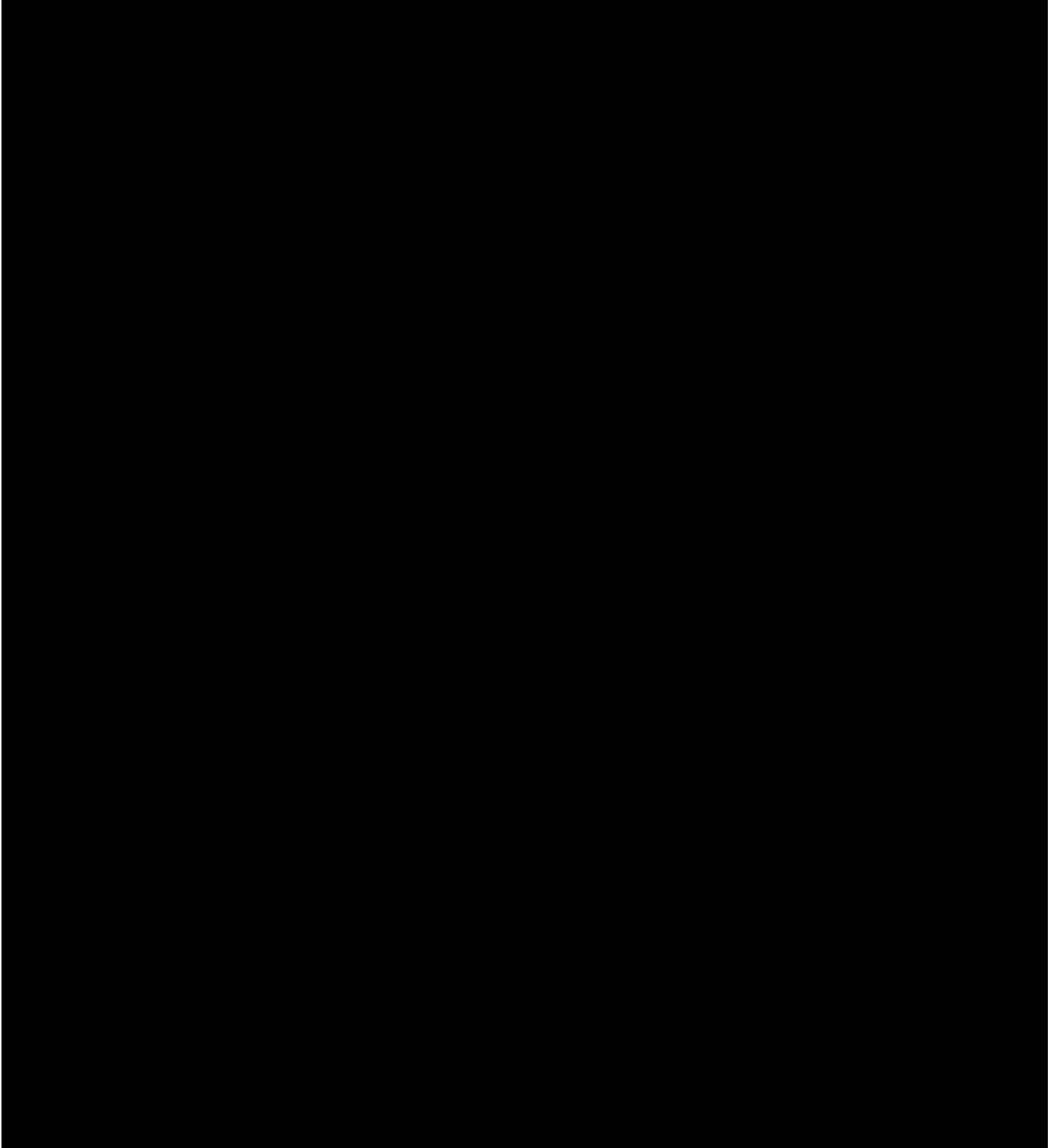
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016



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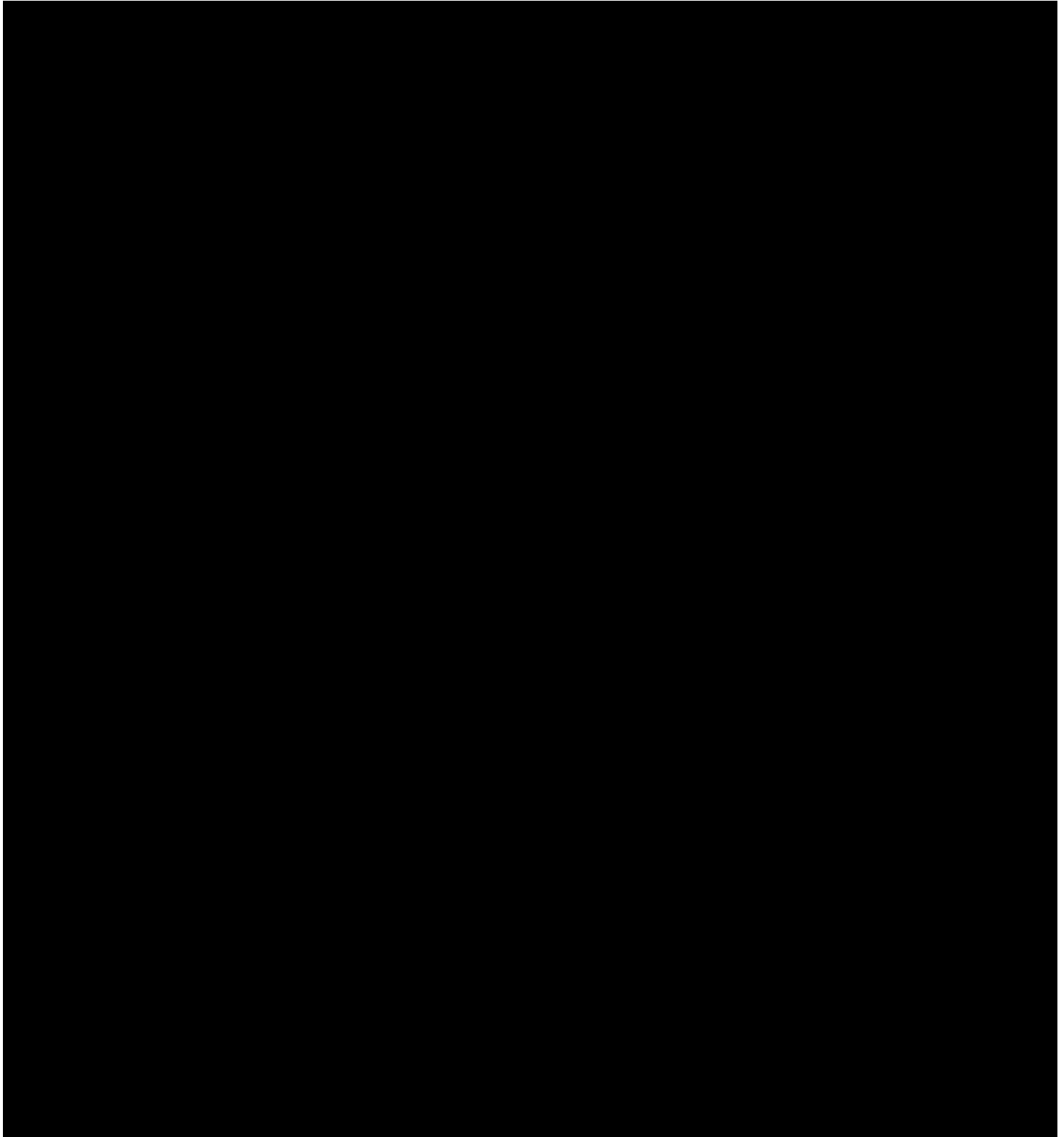
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016



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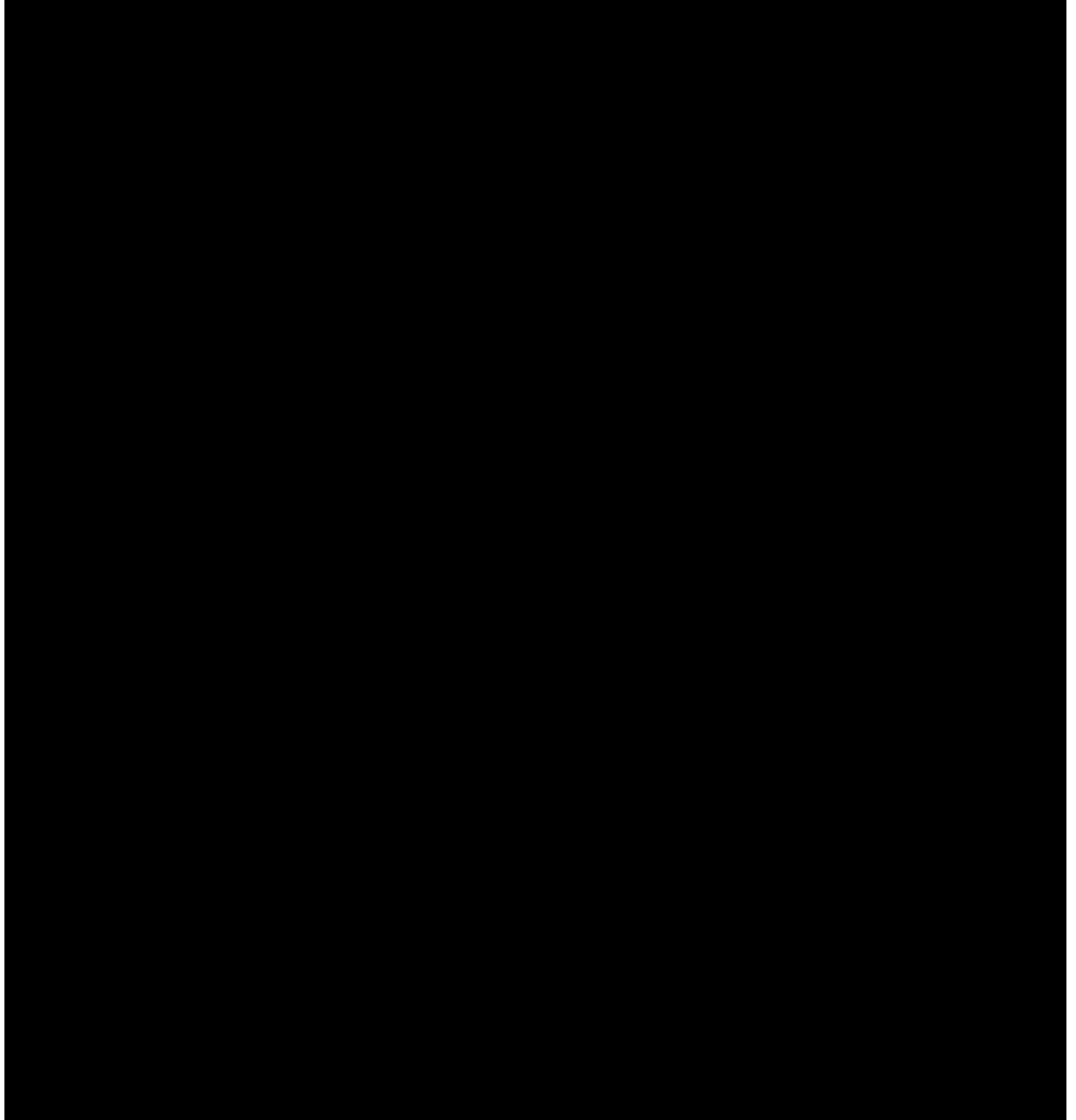
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016



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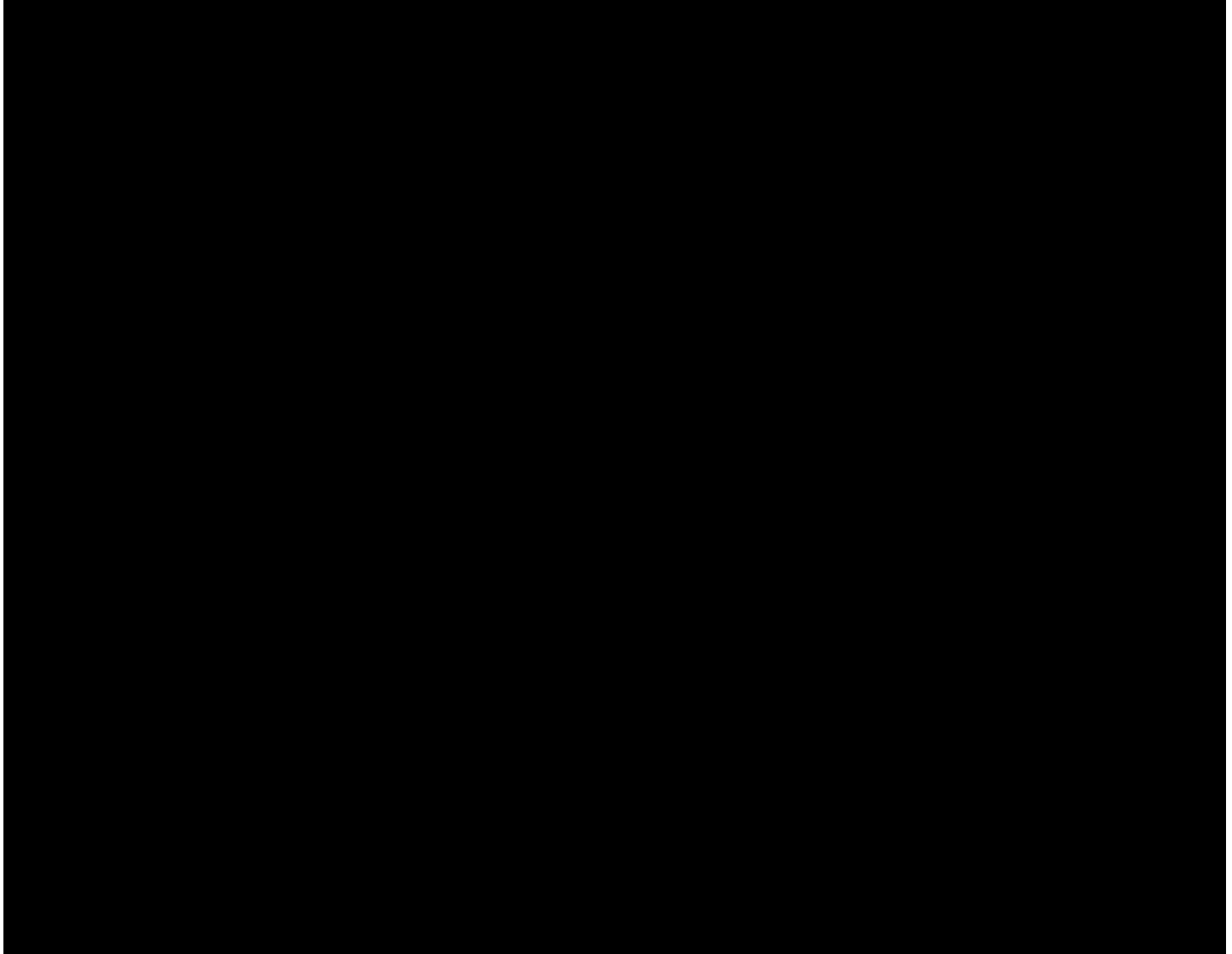
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016



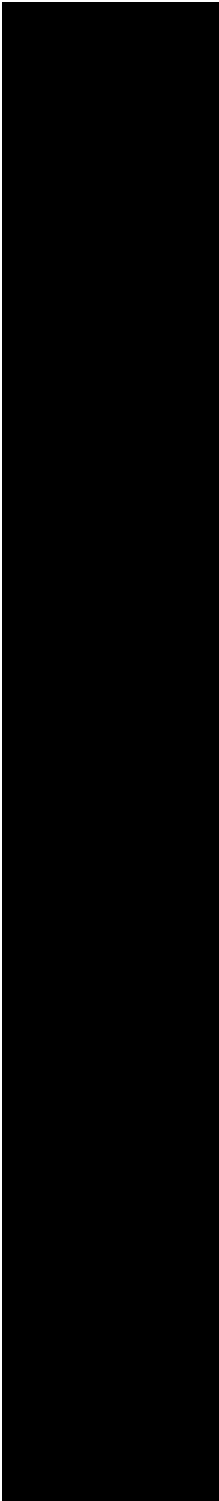
REDACTED– FOR PUBLIC INSPECTION

Pay Tel Communications, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016



REDACTED– FOR PUBLIC INSPECTION COMMISSION**Pay Tel Communications, Inc.****BALANCE SHEET
December 31, 2018**

<u>Assets</u>	<u>2018</u>
Current assets:	
Cash	
Net accounts receivable	
Prepaid expenses and other receivables	
Related party notes receivable and advances	
Total current assets	
Property and equipment, at cost:	
Inmate communications equipment	
Office furniture, equipment and software	
Leasehold improvements	
Vehicles	
Total property and equipment	
Less accumulated depreciation and amortization	
Net property and equipment	
Other assets:	
Net deferred contract costs and commissions	
Cash surrender value of stockholder's life insurance	
Total other assets	
Total Assets	
<u>Liabilities and Stockholders' Equity</u>	
Current Liabilities:	
Working capital LOC and Current portion of equip loan	
Current portion of capitalized lease	
Accounts payable	
Accrued expenses and other liabilities	
Unearned revenues	
Due to Stockholder	
Total current liabilities	
Noncurrent liabilities:	
Long Term Capital Lease Payable	
Total noncurrent liabilities	
Total Liabilities	
Stockholders equity:	
Common stock; 100,000 share authorized; 10,000 shares issued and outstanding	
Retained earnings	
Total stockholders' equity	
Total Liabilities and Stockholders' Equity	

REDACTED– FOR PUBLIC INSPECTION COMMISSION**Pay Tel Communications, Inc.****STATEMENTS OF OPERATIONS AND RETAINED EARNINGS****For the Year Ended December 31, 2018**2018

Net Revenues

Cost of Revenues

Gross Profit

Selling, general and administrative expenses:

Salaries and related expenses

Professional services

Depreciation and amortization

Rents, maintenance and utilities

Computer supplies and support

Taxes, License, Regulatory and Insurance

Travel

Telephone and broadband

Dues, Publications, Postage and Printing

Marketing

Charitable contributions

Other

Total selling, general and administrative expenses

Income before other income (expenses)

Other income (expenses)

Net income (loss)

Retained earnings at beginning of year

Stockholder's distributions

Retained earnings at end of period